

PARTNERSHIPS FOR BETTER HEALTH—FINANCIAL AND OTHERWISE!

Taara Chandani, Associate, Banyan Global

Wilson Twamuhabwa, General Manager, Equity Bank

Global Youth Enterprise Conference, Sept 30th 2009.

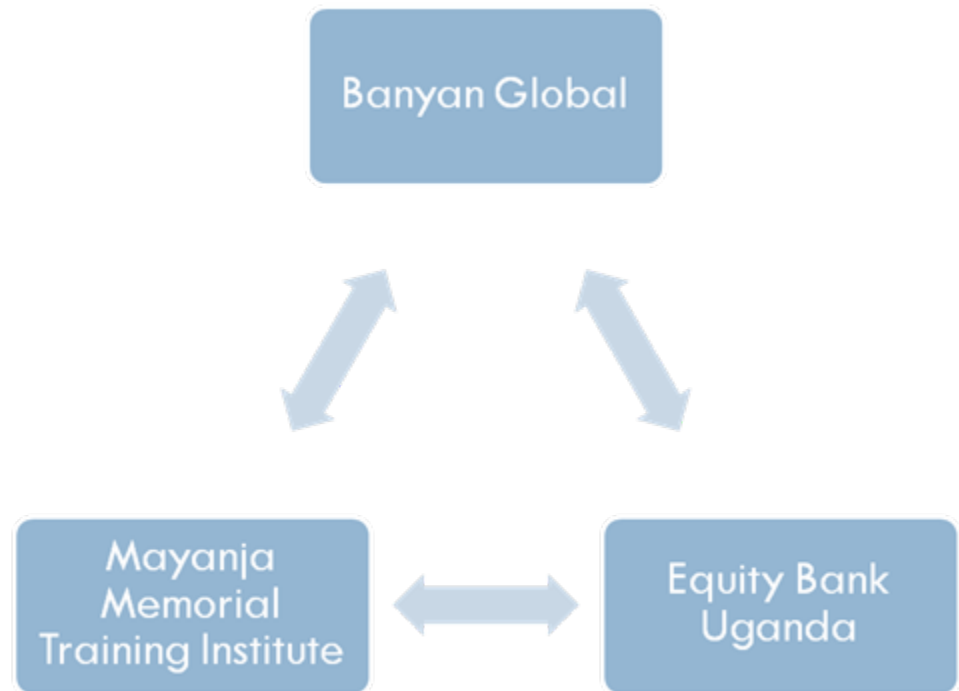
The logo for Banyan Global, featuring the word "banyan" in a dark grey sans-serif font above the word "global" in a teal sans-serif font, all contained within a white rectangular box.

banyan
global



Partners in Uganda

Bridging a financial barrier for nursing students in Uganda through a partnership between a commercial financial institution, medical training institute and consulting firm.



Banyan Global

- Development consulting firm with practices in health, microfinance, enterprise development and the financial sector.
- Seeks to leverage private sector investment to strengthen access to education, health and other social services for underserved communities, including youth.
- Worked in Uganda since 2005 under the USAID-funded Banking on Health Project to facilitate access to financing for the health sector.

Equity Bank Ltd.

- Commercial financial institution with operations in Kenya (1984), Uganda (2009), Sudan (2009) and soon Rwanda.
- Roots in microfinance with a vast majority of its portfolio in low-income and rural markets.
- Offers inclusive, customer-focused financial services – including credit, savings and other services tailored for youth.



Mayanja Memorial Training Institute

banyan
global



- ❑ Registered medical training institute in Mbarara, Uganda.
- ❑ Launched in 2008 to address the shortage of trained medical personnel in Uganda.
- ❑ Enrollment of 159 students aged 17-24 yrs to obtain their nursing diploma or certificate.
- ❑ Subsidiary of a large multi-specialty hospital reaching surrounding, underserved districts in the South Western region.



Conditions and Opportunities

- Severe shortage of medical personnel in Uganda, especially in rural areas.
- High demand for education in the medical field but un-accessible to most, especially poor students outside Central region. In 2008, 9000 students applied to nursing programs, only 800 students were accepted.
- Few private institutes are being established in outlying districts but students face barriers to cover fees.
- The medical sector is growing and stable, giving youth a specialized professional skill set to secure their livelihoods.

The Case for Education Loans

- Bridge a financial gap for aspiring medical students.
- Increase the pool of qualified medical professionals to support health service delivery.
- Promote healthy lifestyles by youth and peers.
- Secure the livelihood of youth as young professionals.
- Familiarize youth with formal financial services.
- Help financial institutions to build their portfolio among youth working in a high-growth sector.



Win-Win Partnership

- Banyan Global brokered the partnership, seeing a win-win outcome for students, the institute and bank.
 - ▣ **Students** can access affordable financial services from a reputable institution.
 - ▣ **Institute** can increase enrollments, and avoid the cost of collecting payments or offering make-up exams, etc.
 - ▣ **Bank** can grow their portfolio among youth—the fastest growing population cohort—building relationships with future borrowers who will have diversified needs.

Scope of the Partnership

ACTION STEPS	PARTNER RESPONSIBLE
Identify possible innovation and initiate dialogue.	Banyan Global.
Conduct market research to determine need, feasibility and product design.	Banyan Global and Equity Bank.
Define scope of partnership, including marketing and delivery channels.	All partners.
Take the product to scale and revisit / adapt product terms continually.	Equity Bank and Mayanja Memorial Training Institute.
Replicate the partnership between Equity Bank and other institutions	Equity Bank with support from Banyan Global

Lessons in Building the Partnership

- The right partnership can trigger innovation!
- External partners (Banyan Global) can be instrumental in offering a “light touch” to broker new relationships.
- Identifying and leveraging mutual interests is key to building lasting partnerships.
- Involvement and buy-in from leadership is necessary to fully invest, adjust product terms and seek new solutions.
- Appointing relationship-managers at each organization to oversee the process is necessary.
- Clear commitment, definition of roles and expectations of all partners is needed upfront.

Implementation and Replication

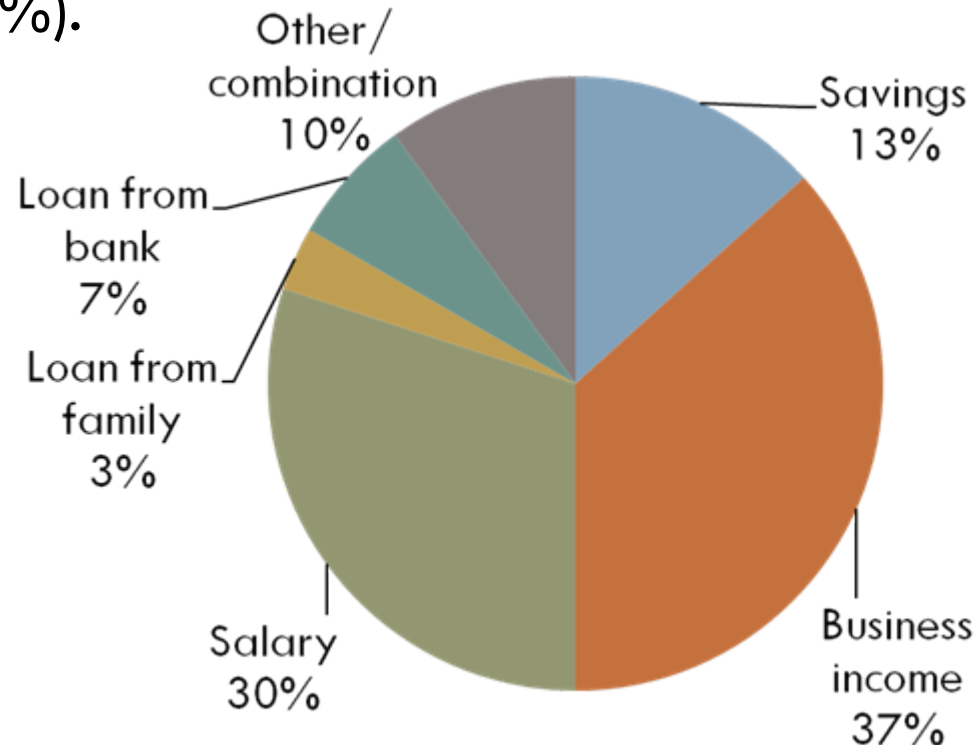
The Experience of Equity Bank

The Case for Equity Bank

- The bank's vision is 'to be the champion of the socio-economic prosperity of the people of Africa.'
- Youth are the fastest growing population segment in Uganda (49% of total population is under 15 yrs) and financial institutions cannot afford to ignore them.
- Youth market falls in line with the bank's health sector strategy, of lending to entrepreneurs, employees and students.
- Entry point to further customize products for the youth market—savings, remittances and group-based products.

Market Research

- Administered a survey in 2009 to 30 students/guardians
- Few families had the funds for fees (10%), many did not have the funds (23%) and most did not know how they would cover the payment (67%).



Product Development

- Students want financial services that are **affordable, accessible** and **convenient**.
- Extended the term from 4 to 6 months – though demand for longer repayment schedules up to 60 months.
- Consider lending directly to students, including part-time students who also work.
- Reduced the interest rate for students in exchange for guarantees from the institute:
 - Hold certificates of students who fail to complete payments or modify terms with bank.
 - Try to arrange job-placements at district health centers to begin professional career and complete payments with salary.

Marketing and Distribution

- Equity Bank and the institute will jointly market the product through brochures, newspapers, radio-adverts and public events.
- Both partners will hold ongoing forums with students to discuss their concerns and questions, and foster transparency and trust.
- Equity Bank has assigned a point-person at the Mbarara branch to liaise with youth; the institute also has a relationship manager.
- Disbursed 14 loans and opened over 68 savings accounts for students.



Challenges in Lending to Youth

- Low literacy levels and little understanding of financial services.
- Limited collateral to borrow against.
- High mobility and risk of default, especially when not affiliated with a group.
- Uncertain employment prospects when economy slows.

Prevailing Opportunities

- Potential to be a strong clientele if offered the right products, easy accessibility and clear information & support.
- Leveraging the youth market in a high-growth sector is key—especially where the bank has made considerable investments and market linkages.
- Targeting youth who are organized within institutions can be critical to alleviate risk, gain trust and quickly grow market share.

Looking Forward

- Equity Bank is interested to scale up education loans by working with other institutions, starting in the medical sector, in Uganda and the East African region.

The bank plans to:

- Conduct further research to adapt and tailor a range of financial products for youth.
- Work with local partners to strengthen availability of business development services for youth – including financial literacy clinics.
- Seek risk-sharing guarantee funds from donors to accelerate lending to different youth markets.

Thank You

CONTACTS:

Taara Chandani, Banyan Global

Tchandani@banyanglobal.com



Wilson Twamuhabwa, Equity Bank

Wilson.twamuhabwa@equitybank.co.ug

