Sustaining Health Promotion through Micro-Lending

Making a Little Money Go a Long Way

Ask people in rural Cambodia what they want and they'll tell you, "roads, water and credit." Hearing villagers’ need for credit voiced again and again, and at the same time searching for a sustainable way to finance health promotion in Pursat province, RACHA realized that two birds could be killed with one stone; that is, a micro-lending program would be the answer to the villagers’ credit needs, while the interest generated by the program could fund health promotion.

A year later, the program is going strong in four of Pursat’s villages, enabling villagers, who ordinarily have little or no access to capital, a chance to improve their quality of life. This lack of capital is a serious constraint to economic growth in rural communities, as it limits the ability of farmers to purchase livestock, improved seeds for planting and fertilizers, or for micro-business owners to buy supplies or equipment.

The micro-lending program, offering loans not exceeding $50 at an interest rate of 4 percent, has enabled RACHA to establish strong relationships with villagers by responding to their critical need for credit. These linkages and associated trust are being used to gain villagers support for basic reproductive and child health (RCH) services.

Due to the absence of banks in rural Cambodia, if one wanted a loan in the past, he or she would have no choice but to rely upon local money lenders, who generally charge "loan shark" interest rates. Rather than solving their problems, these high rate loans often force struggling farmers and small business owners deeper into debt.
This USAID sponsored program follows the example of other successful projects that have used small rural micro-lending institutions that help people access capital, teach fiscal responsibility and, through the interest generated, pay for themselves. In Pusat the Department of Women’s Affairs manages the credit program.

The program has also ensured that women, who have found it traditionally difficult to obtain loans, will have access to capital. Fifty-one percent of the loans were granted to women.

Villagers have used the loans for a variety of productive pursuits including mechanized land preparation, the purchase of livestock and poultry for commercial production, and developing micro-enterprises. The lending program is offering villagers a better quality of life, a chance to break the cycle of poverty and, in the process, financing crucial health education. With increased, and more disposable, incomes, villagers participating in the program are also better able to afford a healthy diet with protein rich foods and to afford health care for themselves and their children.

The four villages were broken into two loan cycles, the first running from April 1999 until February 2000, and the second from June 1999 through March 2000. For all 252 loans in the four villages, the loan and interest repayment rates were 100 percent, all on schedule.

Two thousand three hundred dollars was earned in interest payments, and 25 percent of the total interest generated, was earmarked for health education—a sizable sum considering the average total cost of one health promotion event is about $10. Since so much money has been raised through timely repayments, the lending program has a budget large enough to finance health education in many villages in addition to the four receiving loans.
Thus far, RACHA has used the interest from the micro-lending program to conduct health promotion contests in seven out of the fifteen villages that make up the catchment area of Tasas Health Center. Imagine twenty pregnant women, thirty children and eight men packed under the floor of a stilt house, giggling, winning prizes, and learning about reproductive and child health.

The contests, which teach pregnant women to recognize a number of danger signs, to take iron tablets, to get at least two tetanus shots, and to go for at least two antenatal checks, generate large crowds and show villagers that learning can be fun. Each contestant is asked two questions and is also called on to determine whether other contestants’ answers are correct. Scoring is based on the number of correct answers given to the two questions, as well as on whether the contestant went to the health center for their first antenatal check, and other pre-contest criteria.

So far, 129 pregnant women -- 72 percent of the total number of pregnant women in the seven villages -- have competed to win sarongs, “kramahs” (a traditional scarf-like garment), and soap powder, prizes that were entirely funded by the interest raised from the micro-lending program. The prize items were determined to be of the most use for the pregnant women, while at the same time being items that the women would be excited to win.

The level of enthusiasm on the part, not only of the pregnant women, but also of the men, older women and children, was impressive. For every pregnant woman who
learned about the dangers of blurred vision, so did a handful of boys and girls who are luckily being exposed to this information at a young age. At the close of each contest, the village chief made a speech reinforcing lessons learned and demonstrating his support for the program’s efforts.

As these contests have effectively become village-wide celebrations, RACHA is taking important messages straight to the people, giving them a day of learning and fun that they will long remember.

A little money is indeed going a long and sustainable way in Pursat, and the micro-lending program for health is being gradually taken to scale in three provinces.