ROLES OF FINANCIAL INSTITUTIONS IN SUPPORTING THE HEALTH SECTOR IN TANZANIA

ROLES OF FINANCIAL INSTITUTIONS IN SUPPORTING THE HEALTH SECTOR IN TANZANIA

By

Bertha Shila

A Research Dissertation Submitted in Partial Fulfillment of the Requirements for the Award of the Degree of Master of Science in Accounting and Finance (MSc-A&F) of Mzumbe University

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled: ***Roles of Financial Institutions in Supporting the Health Sector in Tanzania, Case of BancABC***, in partial fulfillment of the requirements for award of the degree of Master of Science in Accounting and Finance of Mzumbe University.

……..

Major Supervisor

…….

Internal Examiner

Accepted for the Board of

……

DEAN/DIRECTOR, FACULTY/DIRECTORATE BOARD

DECLARATION AND COPYRIGHT

I, **Bertha Shila,** declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other University for similar or any other degree award.

Signature…….

Date……/……/……

ACKNOWLEDGEMENT

For most I have the honour to acknowledge the privilege that God offered me to undertake my studies in Msc. Accounting and Finance. Glory be to God!

Besides that, my gratitude is extended to the Management of BancABC who tirelessly took their time and resources to enable me capable to undertake my further studies and research work in this bank.

My sincere gratitude goes to my supervisor Ms. Sarah Mngoya for her special and unique academic evaluation. I do appreciate her guidance, comments and patience which contribute significantly to the completion of this study.

It is not possible to mention all individual however; in particular I have much gratitude to Head of Credit risk Mr. Fordson Musingarabwi. Special thanks should go to my husband Mr Emmanuel C Nnko and my Sons Elvin and Eugene for their sacrifice, tolerance and support for completion of this research report.

Lastly but not least, I express my thanks to the team members of Credit department at BancABC for their courage and professional review without it would not be possible to move to this final level of Msc. Accounting and Finance.

I wish to state that hereby that all deficiencies or errors that may be contained in this document are absolutely my sole responsibility.

DEDICATION

This research paper is dedicated to my family Mr. Emmanuel C Nnko, my sons Elvin and Eugene, for their tolerance, support and prayers during my absence for the whole period of my study. Also thanks to my mother Mrs. Clotilda Shila for her support and prayers. May the Almighty God bless them abundantly.

LIST OF ABBREVIATIONS AND ACRONYMS

APHFTA	-	Association of Private Health Facilities in Tanzania
BOT	-	Bank of Tanzania
CDC	-	Capital Partners
IFC	-	International Finance Corporation
MCF	-	Medical Credit Fund
MDG	-	Millennium Development Goals
MKUKUTA	-	Mpango wa Kukuza Uchumi na Kupunguza Umaskini Tanzania
MMAM	-	Mpango Madhubuti wa Afya ya Msingi
MoHSW	-	Ministry of Health and Social Welfare
NGO	-	Non Government Organization
NHIF	-	National Health Insurance Fund
PPP	-	Public Private Partnership
SME	-	Small and Medium Enterprises
UDC	-	Union Dominions Corporation

ABSTRACT

The health sector has a critical role to play in contributing to public health outcomes in developing countries. While acknowledging this role, financial institutions, donors and governments grapple with a number of key issues in supporting this sector. These issues include how it is important to support this sector; how to integrate critical health services, identifying the importance of health sector, and how to achieve significant scale. Over time, a number of strategies have been developed to tackle these issues and improve partnerships with the health sector. Lack of finance has been identified by both private providers and public health practitioners as a major constraint to the development of the private health sector and its ability to contribute to positive public health outcomes. This paper seeks to show the roles of financial institutions in supporting the health sector.

Expanding access to finance is increasingly recognized as a useful tool in working with the health sector. This study attempted to show the roles of financial institutions in supporting the health sector in Tanzania. As a researcher it's obvious and evidently that current products offered by most financial institutions does not meet health care providers requirements. Also from the interviews and questionnaires a number of factors have been identified as to why participation of financial institutions in supporting this sector is minimal and its growth is low. These include in access to finance, lack of business plans, improper record keeping, inadequate education and training, bureaucratic process and lack of collateral. With regard to BancABC as a case study it's high time to call for other participants to take part and cooperate together with government and other stakeholders in order to improve our health services. By doing so Tanzania's output will increase and eventually per capital income.

The researcher really hopes that output from this study shall be of practical use to BancABC.

TABLE OF CONTENTS

Pages

LIST OF TABLES

Pages

LIST OF FIGURES

Pages

CHAPTER ONE

AN OVERVIEW OF THE STUDY

1.1 Introduction

This chapter focuses on a general overview of background of the problem, statement of the problem, purposes and objectives of the study, research questions, and significance of the study and limitation of the study.

1.2 Background Information of the Problem

The study focused on the role of financial institutions in providing access to finance to health sector in Tanzania. The research was conducted at the African Banking Corporation Tanzania Headquarters in Dar es Salaam (DSM). The Bank commenced operations in 1996 as an asset financing institution under the joint ownership of Capital Partners (CDC), International Finance Corporation (IFC), TDFL and the Union Dominions Corporation (UDC). The Bank of Tanzania (BOT) was granted full commercial banking status by the BOT in 2002. BancABC operated as a merchant bank since 2002 and introduced retail banking operations in 2008. The Bank opened its first branch in March 2010. Currently the bank has 4 branches where 3 branches are in Dar es Salaam and one branch in Arusha and aims to rollout more branch outlets in various parts of the country. BancABC now offers a full bouquet of banking services for its corporate and personal customers.

Lending activities are very important to the success of any bank and often impact positively on the different sectors including health sector. The organization needs to oversee the essence of extending lending activities to health care providers. It is very important for financial institutions to consider health sector in a different perspective with other sectors when extending suitable credit facilities.

But is it important for health facilities to be granted access to finances from various institutions? If that is the case how can an organization curb such opportunities? In this research the researcher looked on how organizations should see the role of offering credit finances to health care facilities both private and public facilities.

BancABC is in partnership with Medical credit fund in Netherlands through Association of Private Health Facilities in Tanzania (APHFTA) in providing among the list, access to finance to private health facilities in Tanzania. APHFTA is a giant and an umbrella organization for the whole of the private health sector in Tanzania aims to strengthen the health and wellbeing of all Tanzanian citizens by establishing the private health sector as a recognized, committed, and equal partner capable of delivering high quality and affordable health care services. APHFTA with the support of Medical Credit Fund, a Dutch NGO, is involved in the provision of medical credit fund to member facilities across the country through quality improvement pram and strengthening support program. The Medical Credit Fund Program is setting an example in sustainable quality improvement plan that helps the private health sector in Tanzania to propel the country into achieving the Millennium Development Goals (MDG) which are Reproductive and child services, HIV/AIDS services and Tuberculosis services.

APHFTA has over 500 members in Tanzania and out of those only 58 clinics private health facilities have been given access to loans through MCF which is about 12%. If we take note of this statistics, non-members of APHFTA and public health facilities we see that financial institutions are not fully participating in financing the health sector. Therefore this study aimed at showing the role of financial institutions in financing health sector. Most health facilities fail to get access to finance due to their poor quality or environment, high interest charges. On the other hand most of the facilities are not the target market for institutions. Also institutions perceive that all matters regarding to health issues are the government role as their major role is to provide services to the public. The research study assisted to show the importance of financing health sector which in turn results to quality improvement as well as economy growth as people are able to receive good services.

1.3 Healthcare in Africa

Sub-Saharan Africa accounts for 11% of the world's population, 24% of the global disease burden and bears 44% of the world's communicable diseases. Nearly half of the world's deaths of children under five take place in Africa. Yet, less than 1% of the global health expenditure is spent on the continent. Because public resources are severely limited, the private sector plays a significant role in providing healthcare. However, its potential is not fully utilized.

The private health sector in sub-Saharan Africa is fragmented and quality can be inconsistent. However, the sector has the important role of providing approximately 50% of all care in the region. The public health sector is often overburdened and struggling to provide a satisfactory level of care due to limited public resources. The vast majority of the region's poor people, both urban and rural, therefore rely on private healthcare. The growing population within the region will further drive the demand for affordable, quality basic healthcare services. But, at the same time, there is no investment capital available to allow private healthcare facilities to expand and improve their services.

Particularly small and medium-sized healthcare facilities (Health SMEs) find it difficult to attract investment capital, while the demand is substantial. Health SME's are often not able to meet banks' requirements for annual statements, collateral and business plans. They lack business skills, have no credit history and are unable to cover the high costs of capital charged by banks and investors to compensate for uncertainty and risk. The Medical Credit Fund was established to bridge the gap between demand for and supply of capital.

The MCF works at both sides of this gap. It works with healthcare facilities to strengthen their business case, administrative capacity and improve the quality of their medical services. This facilitates local banks to lend to Health SMEs at a lower risk profile. As a result capital provision is brought within reach of the Health SME's and lays the foundation for future servicing of these facilities by banks without

external support. The MCF thus triggers and leverages investments by local capital markets and helps developing the private healthcare sector into a distinct asset class. In November 2010 MCF won the G-20 SME Finance Challenge award, which was presented to its chairman by President Barrack Obama during the summit in Seoul. This shows how supporting the health sector is critical.

1.3.1 The Private Healthcare Sector

Private healthcare facilities serve about 50% of all Africans seeking care. The sector is composed of for-profit commercial providers, and not-for-profit social or faith-based providers. Africans seeking care at private facilities represent all income groups and include the lowest quintiles of the population.

The potential of the private healthcare sector is now widely recognized by African governments as well as the major donor organizations and development banks. This recognition does not necessarily translate into increased resource allocation to private healthcare facilities, even though the demand for investment capital has been calculated at between USD 11 and 20 billion for the next decade.

Partly the lack of investments can be attributed to the general weak investment climate in Sub-Saharan Africa where institutions are weak and transaction costs are high. At the same time a remarkable uptake of investments in Africa can be noticed. Many countries show sustained economic growth, political stability has improved and the incidence of armed conflict has declined. Various economic sectors have indeed benefited from increased local and foreign investments. But private health is not among them, especially not the Health SME's: primary healthcare providers that serve low-income groups, while these make the majority of Africa's healthcare market. Investors and banks to date are reluctant to provide financing as the prevailing risks are unknown and considered too high.

As a result, the sector is very under-served in terms of access to capital. And if investments in private health are made at all, they come with levy high surcharges

and mark-ups to cover all unknown risk. Not many healthcare providers are able to absorb those extra costs of capital.

1.3.2 Health SMEs

Health SMEs constitute the vast majority of private healthcare providers in terms of doctor-patient contacts. And they represent the segment of the private healthcare market that is most underfunded. The small and medium enterprise segment covers a wide variety of organizations: smaller hospitals, diagnostic centers, health centers, dispensaries, maternity homes, health shops and nurse-driven clinics. It is there where most Africans seek care if they decide not to visit a public facility.

Health SMEs are identified as the segment that presents most of the investment opportunity of the USD 11 - 20 billion. Two-thirds of SMEs would need additional capital below USD 250,000. And it is especially these Health SMEs that are cut off from investments because the risks are considered too high by investors.

These risks relate to both financial and medical reasons:
Investors/banks have limited knowledge of the specific features of the private healthcare sector. There are few investment benchmarks to go by. Revenue streams are erratic due to the high dependency on out-of-pocket payments in health, which may affect the business case of private care providers. Also, in most cases, providers' administrative capacity is weak and do not have a credit history.

In most countries there are currently no defined medical standards and measurement of medical quality. Therefore there is no information on medical performance, providers cannot be compared and the impact of investments in healthcare provision cannot be monitored and measured.

The lack of investment capital prevents healthcare providers from investing in their facilities; they face challenges growing their businesses, upgrading their medical equipment and departments, and training and employing more skilled staff.

1.3.3 Tanzania Health Policy

The overall objective of the health policy in Tanzania is to improve the health and well-being of all Tanzanians, with a focus on those most at risk and to encourage the health system to be more responsive to the needs of the people. Other objectives include;

(i.) Reduce infant and maternal morbidity and increase life expectancy through the provision of adequate and equitable maternal and child health services, promotion of adequate nutrition, control of communicable diseases and treatment of common conditions;

(ii.) Ensure that health services are available and accessible to all urban and rural areas;

(iii.) Move towards self sufficient in manpower by training all the cadres required at all levels from village to national level.

(iv.) Sensitize the community on common preventable health problems.

(v.) Promote awareness in government and the community of large that health problems can only be adequately solved through multi-sectoral cooperation.

(vi.) Great awareness through family health promotion that the responsibility for one's health rests squarely with the able-bodied individual as an integral part of the family.

These objectives have to be achieved through Primary Health Care (PHC) which is the central element of health promotion aiming at coordinated action by all concerned e.g. health and health related sectors local authorities, industry non-governmental and voluntary agencies, the media and the community at large.

1.3.4 Health Services Financing

1.3.4.1 Rationale of Health Financing Options

Following the Arusha Declaration, the Government was the major provider and financier of health services. Emphasis was on the provision of Primary Health Care Services. This led to a massive expansion of health services particularly in the rural areas with a corresponding expansion of training facilities for health workers.

Provision of health care in these facilities, was adversely affected after the economic recession of 1970s and 80s. As a result, the Health Sector experienced inadequate allocation of resources leading to deterioration of health care services. In addressing this shortfall, the Government in its reform process, introduced Cost-Sharing in 1993 and thereafter, other financing options such as Community Health Fund and National Health Insurance.

1.3.5 Health Financing Sources

1.3.5.1 Central Government

The Government is the major financier of health services.

1.3.5.2 Local Government and Service Provision

The councils also finance health services through Council tax collection and other earnings in order to enhance sustainability and ownership of the health services delivery.

1.3.5.3 Voluntary Agencies and Faith Based Organizations

Voluntary Agencies and Faith Based Organizations run health services and several health facilities such as hospitals, health centers, dispensaries and health training institutions. The organizations continue to finance these services through their own funds and service charges. The Government also continues to provide subsidies to these organizations including the use of performance related contractual arrangements.

1.3.5.4 Executive Agencies

The Executive Agencies Act allows the establishment of Executive Agencies to ender health services on behalf of the Government. These Agencies sustain their services through revenue collected by way of charging the services provided.

1.3.5.5 Community Contributions

Communities contribute to services provided through cost sharing for health care services. Their contributions are usually made in the form of cash or in kind.

1.3.5.6 User Fees

Communities are encouraged to contribute through user-fees in health facilities to complement the Government financing. However, exemptions are provided to the poor and vulnerable groups for the following reasons: - increase access of health services to those who cannot afford to pay public health services such as maternal and child health, and epidemics.

1.3.5.7 Community Health Fund

Community Health Fund is recognized as an effective tool for mobilizing voluntary community involvement and participation in supporting their own health care. It provides an opportunity for seasonal income earners in the informal sector to pay for their health services before they fall sick. Advocacy and promotion of the Scheme is stepped up to mobilize communities to join the Programme.

The Ministry together with other relevant government departments put in place mechanisms for risk sharing and cross subsidization so as to ensure solidarity and equity.

1.3.5.8 Health Insurance Scheme

There is a mechanism to ensure medical protection of employees in the formal sector. Both private and public Health Insurance Schemes will continue to be encouraged. However, the Government continues to develop policy guidelines for developing different types of Health Insurance Schemes.

1.3.5.9 Private Organizations

Private organizations are permitted to provide health services to the public for profit by using the regulations issued by the Ministry of Health. The quality of health care

services provided, are monitored and regulated to ensure standardized quality of health care.

1.3.8.10 Development Partners

Development Partners are encouraged to finance health services through a Common Sector Investment Plan under Sector Wide Approach (SWAp) while efforts are being made to move towards self-sufficiency and sustainability.

1.4 Motivation for Choice of Topic

As a young credit analyst, the author duties among others include loan portfolio to private health care providers under MCF program. The author has seen some of these providers failing to access loans due to high interest rates, collateral issues and their general business environment. Also there are other providers who are non-members of APHFTA who would require support from institutions for the well being of Tanzania community in getting quality of services. Therefore these factors have led to choice of the research topic to show the role of financial institutions in supporting the health sector. The research developed an interest for other institutions to participate in financing/supporting the health sector Dar es Salaam.

1.5 Statement of Research Problem

Private health care providers worldwide cite the inability to access finance as one of their key impediments to business growth and improvement. For these businesses, as with all enterprises, credit is an engine for expansion. Many health care providers trying to access finance to increase their outreach or improve their services find that banks are not interested in lending to their sector. Financial institutions often view health as a public good, not a business opportunity, and they may not understand the business models in the sector, preferring instead to lend to more familiar businesses, such as those in the trade and manufacturing sectors. Banks that require security may not be interested in the type of collateral that health care providers offer. And the businesses themselves, often run by clinicians with little business management experience, may not produce the type of bankable business plans that are necessary to obtain financing. The more financial institutions that reach out to the health care

market, the more likely it is that doctors, nurses, and other providers of health products and services will be offered favorable terms that meet their financing needs. To assess the health care market's potential and possibly view financing for the sector more favorably, these institutions require market information and, in some cases, training in marketing and lending to the sector.

Lending has an important effect on a country's economy, society, culture, and political system. This is especially true in Tanzania where the lending activities play such a prominent role. The role of lending in a market economy is to provide solutions on financial needs. To achieve on this financial institutions provides different credit facilities in order to meet customers' requirements or business needs. All banks core activity is to collect deposits from savers or those who have surplus and provide loans to borrowers or those who have deficit. In doing so, banks act as intermediaries.

The APHFTA with the support of MCF, a Dutch NGO -funded Banking on Health project expands access to financing for private health providers in developing and transitional economies. MCF works with financial institutions to promote health-sector lending and with private health providers to improve their businesses and ability to access financing. MCF was established in 2009 by PharmAccess International, conducting a preliminary assessment of the financial and private health sectors. This assessment revealed that access to financing is a constraint in Tanzania and information about the sector was lacking. MCF designed this study to further guide the development of a program to expand access to financing for the private health sector. The results of this survey and research are designed to inform financial institutions in Tanzania about how to best target the private health sector and provide the products and services these businesses need to expand and improve their practices. The research also intended to provide financial institutions with information about private health care providers' business practices for use in developing a business-training curriculum to improve the viability of practices and prepare providers to access financing. The research intended to provide information to policy makers that are interested in partnering with the health sector in general.

1.6 Research Questions

1.6.1 General Research Question

What is the role of financial institutions in financing the health sector?

1.6.2 Specific Research Questions

The researcher conducted the research on four basic questions as follows:

(i.) What is the importance of giving access of credit finances to health facilities in Tanzania?

(ii.) Do the facilities offered by banks to health care providers meet their requirements?

(iii.) How can other financial institutions/ stakeholders participate in the development of the health sector?

1.7 Objectives of the Study

1.7.1 General Research Objective

The general objective for this study was to show roles that financial institutions plays in supporting the health sector. The study also identified good practices and shortcomings in order to draw up useful lessons for the Bank's future health interventions.

1.7.2 Specific Research Objectives

The study was conducted with objectives of:

(i.) Identifying the importance of supporting health sector in Tanzania

(ii.) Examining whether banks credit facilities suits the health care providers requirements

(iii.) To show how can other stakeholders participate in developing the health sector

1.8 Significance of the Study

The study is of importance to parties, that is, the institution as well as the researcher in the following ways: -

(i.) Since the research design applied is case study, then, the results are of benefit to the named institution itself, as well as other financial institutions.

(ii.) The research activity generated new knowledge to the researcher in the field of importance of credit finances to health sector which can also be used in supporting other sectors in the country.

(iii.) The researcher was able to apply the knowledge obtained from field the theoretical perspective in the college being applied in real practical world.

1.9 Scope of the Study

This research was conducted at BancABC Headquarters in Dar es Salaam Tanzania. The respondents included all the workers of BancABC who are working at head office and few workers from the branches. The total staffs interviewed were 11. Also 5 staffs of APHFTA and 25 members of APHFTA were interviewed. Members of APHFTA interviewed are also BancABC customers who are in Dar es Salaam and Mwanza. Apart from that the researcher included non-customers of BancABC; the researcher had a direct talk with them. These were 6 of them.

1.10 Limitation of the Study

(i.) Many organizations fear to give out their confidential information to the researchers that caused the researchers to obtain few satisfied data.

(ii.) Some respondents were not ready to cooperate, some who cooperate took a lot of time to fill the questionnaires, provide information and cause the problem to the researcher in the process of data collection.

Lack of adequate experience in the field also contributed to the limitation of study since it was the first time for the researcher to perform research practically.

During the study, researcher faced a number of challenges including time. The time for the study was not enough to carry out intensive and extensive study because some of the information was not easily and quickly available. The fund provided for the study which was personally funded was not enough to meet all expenses like transport, meal allowance, paying researchers' assistants, and stationery.

When conducting research, the researcher encountered administrative challenges. Many respondents especially those who were supposed to use questionnaires, could not fill the questionnaire on time, and others misplaced them to the extent that the researcher was required to redistribute other copies. Also, many respondents had a notion of getting some money from the researcher especially when they knew that she was conducting a research as a requirement for the master degree award. The introduction letter from the university the researcher had did not convince them.

1.11 Delimitations

The limitations explained in 1.7 were addressed as follows: The researcher opted initially to use public holidays and weekends to conduct the research. Since the option was not seen as effective, the researcher decided to take annual leave (14 days) which he effectively managed to solve the problem of time and was able to collect, analyze and interpret the collected data on time.

The researcher also took a time to inform respondents that there was no money and that the study was for fulfillment of degree course. After long explanations, respondents agreed to participate and collaborated effectively and efficiently in the study.

1.12 Organization of this Dissertation

This study consists of six chapters. Chapter one presents the introduction and background to the problem, statement of the problem, the main and specific objectives of the study and research questions. Other sections presented in this chapter are: scope, significance, limitation, delimitation and organization of the study. Chapter two deals with literature related to the study. It covers introduction,

definition of terms, theoretical review, empirical review and the conceptual framework. Chapter three comprises research methodology in which research paradigm, research design, study area, population, sample and sampling techniques, instrumentation, validity and reliability of instruments, administration of instruments and data analysis plan were spelt out. Chapter four presents data and their analysis. Chapter five deals with discussion of the findings and lastly, chapter six covers the summary, conclusion, recommendations and further areas of study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter is divided into two parts, the theoretical literature review and Empirical literature review. The theoretical literature review explain various Literature related to the topic while the empirical part shows how other past Researchers talked about the same topic role of financial institutions in providing access to finance to health sector in Tanzania.

2.2 Theoretical Literature Review

2.2.1 Private and Public Sectors: Definitions

Before identifying the barriers to effective engagement between the public and private sectors, the terms “public sector” and “private sector” should be defined. From the perspective of political science, the public sector is defined as to include “[the] kind of activities public institutions carry out and how decisions are made and implemented by these institutions” (Lane JE. 2000).

The public health sector is often understood simply as the Ministry of Health, but for the purposes of this paper, it includes, at the national level, independent regulators that are state-funded or state-owned and public payers such as independent state insurers. Other government agencies such as business regulators, ministries of labor, ministries of commerce, and the judiciary may also have authority over issues relevant to private health sector operation, through functions such as licensing of health providers if set up as businesses or settling of litigation cases through courts of justice.

2.2.2 Private Sector Providers

This group can often be the most visible part of the private sector because they have direct contact with users. However, there is considerable heterogeneity within this

category, and the configurations of providers are specific to each context. For example, providers range from modern practitioners and certified health care professionals to traditional healers or other lay persons.

Private provision also comprises a range of institutions with different status from largely not-for-profit nongovernmental organizations (NGOs) and faith-based organizations, to for-profit health care businesses and may be organized as an individual or group practice.

(i.) Financers, including private insurance, community-based health insurance, employer based insurance, or direct employer financing of care.

(ii.) Private providers of inputs, including producers, procurers, and distributors of commodities relevant to the health sector. This includes physical inputs such as infrastructure, pharmaceuticals, and supplies such as condoms (Conteh and Hanson 2003) but also knowledge production (e.g. medical training institutions and production of information).

2.2.3 The Role of the Private Sector in Health Financing

The private sector plays an increasingly important role in the health systems of low- and middle-income countries. Scaling up the delivery of essential interventions to achieve international health targets is dependent on working with it. The "private health sector" includes an enormous diversity of actors, including providers, funders, and suppliers of physical and knowledge inputs for the health sector. The boundaries between the public and private sectors are often unclear as many private actors operate outside the regulatory framework of the health sector on an informal basis. Adequate financing, as well as appropriate utilization, pooling, and allocation of funding, are critical components to ensuring accessibility to high-quality healthcare.

The assessment examines current trends in Tanzania's health expenditures and health financing, exploring whether there is a potentially larger role for private providers within the current financing structure in the pursuit of public health goals. Donors remain the largest source of financing for health in Tanzania, with contributions provided through general budget support, a health sector basket fund, and direct

program financing (including off-budget financing). Increasing the utilization of health financing mechanisms such as insurance, as well as of contracting and purchasing arrangements such as service-level agreements, may help to reduce donor dependency and promote the sustainability of Tanzania's health system. Using appropriate purchasing and payment policies within insurance schemes such as Tanzania's National Health Insurance Fund (NHIF), Social Insurance Benefit, Community Health Funds (CHF), and private insurers could also significantly expand opportunities for private health sector contributions to public health goals, while reducing inequity in health spending.

There is a growing body of evidence that suggests that the private sector could play an important role in financing and providing health services in low- and lower middle income countries (Tawfik et al. 2002; Larson et al. 2006; Sauerborn 2000; Hanson and Berman 1998). This recognition has led to several international fora and working groups that focus on how the private sector can become more involved in health systems.

According to a recent World Bank and IFC study, the private sector already delivers 50 percent of Sub-Saharan Africa's health care and 60 percent of its financing, and has the potential to "bring about significant improvements to Africa's health care challenges, such as expanding access to health services and reducing the financial burden on governments." But more expansive use of the private sector has been hindered by limited access to capital and a lack of risk-pooling mechanisms

2.2.4 Public-Private Partnerships (PPPs): Harnessing the Private Sector's Unique Ability to Enhance Social Impact

Participation in PPPs can create a virtuous cycle of mutual benefit for all concerned, and in particular private sector entities traditionally seen solely as benefactors and not as beneficiaries. Bringing the specific efficiencies, discipline, focus and mindset of for-profit businesses to bear on the public and non-profit sectors is an old idea, but one that is gaining momentum with the success and proliferation of PPPs

Despite this success or because of it a growing sense has emerged that PPPs could do even more. To do more though, they need additional help from the private sector. And not just any help, but the right kind of help. More resources whether money, staff time, products, or other in-kind contributions are always welcome but more valuable are expertise: the very reason for the formation of PPPs in the first place. There's a growing and welcome awareness that the world's biggest health challenges have profound economic implications as well.

2.2.5 Why the Private Sector Matters

The private sector plays an increasingly important role in the health systems of low- and middle-income countries. It has received insufficient attention because of a lack of information about its role and significance, especially in the context of increasing external assistance. Public sector institutions often lack the skills and competencies to engage with non-state actors, as well as the motivation and interest to do so.

Since the 1990s, the World Bank has pioneered initiatives to draw on the private sector as a partner in reform of health financing and delivery, including proposing the introduction of user fees in public facilities in low- and middle-income countries and, more recently, reevaluating the role of the private sector in relation to contracting-out, social reinsurance, and the corporatization of public hospitals (Preker A and Harding A 2003)

Historically, some bilateral governmental agencies such as the U.S. Agency for International Development has worked in close collaboration with the private sector, and have funded projects implemented by private sector organizations, both for-profit and not-for-profit. In the case of the U.S. Agency for International Development this collaboration has been a reflection of one broader aim of U.S. foreign assistance policy, which is to expand free markets (USAID). However, it is increasingly recognized that achievement of the MDG for health and other international targets is dependent on a significant scaling up of essential services. In many resource- limited settings, this has involved working with the private and voluntary sectors. It is now clear that the private sector cannot be ignored, and there

is a need for proactive engagement with it, alongside the conventional public sector approaches. For instance, the global health initiatives established in the late 1990s and early 2000s (e.g., Global Alliance for Vaccines Initiative and the Global Fund to Fight AIDS, Tuberculosis and Malaria) have identified mechanisms to operate through private sector organizations in an effort to improve aid effectiveness and find new ways of working with recipient countries (Brugha R and Walt G. 2001; Brugha R, Starling M et al. 2002). This has led to a growing interest in incorporating private sector models and innovations such as results-oriented management.

The existence of a large private sector has multiple effects on the health care system and on households. A high level of direct out-of-pocket payments for private health care is often the cause of catastrophic health expenditure (Das and Hammer 2007). In settings where public health systems are weak and underfunded, patients and providers may enter informal transactions (also a form of unregulated private practice), which are a commonly used coping strategy for underpaid health workers (Balabanova, McKee et al. 2004). Use of the private sector can lead to unaffordable and poor-quality care, especially for the poorest groups, who have limited alternative options (Das and Hammer 2007), although a lack of rigorous evidence makes it difficult to generalize across settings (Patouillard, Goodman et al. 2007).

In many middle- and low-income countries, private sector use has been associated with an increase in multi-drug resistance for diseases requiring long-term treatment, such as TB, due to low adherence both by provider and patient; a lack of standardized drug regimens; unregulated sales of TB treatment drugs; and insufficient patient follow-up (Shimouchi A 2001). The nature of the private health sector in a country, and the way it has been influenced by historical patterns and changes, will determine what services are provided and the patterns of use at any particular time. For instance, in most countries of the former Soviet Union, the private sector was formalized after the political transition. However, it remains relatively limited apart from the pharmaceutical sector and outpatient care as its development is constrained by high entry costs, underdeveloped voluntary health insurance, and a lack of trust (Balabanova D and Coker R. 2008).

Most of the literature is focused on market failures affecting the private sector and the often negative implications for affordability, socioeconomic determinants of use, and quality. However, the private sector often offers an attractive alternative where public services are geographically inaccessible, unaffordable, and of poor quality, and it is often the only option acceptable and available to users. At the same time, there may be a range of skills, ideas, capacities, and comparative advantages within the private sector that can have positive effects on health outcomes. For example, some interventions may be more effectively delivered through existing private facilities, which the population may prefer to use (due to proximity or trust). The private sector may be used as a vehicle to meet the health needs of groups that are difficult to reach by other means such as communities in geographically isolated areas, those informally employed and not eligible for formal insurance, and groups facing stigma such as sex workers.

2.3 Empirical Literature Review

2.3.1 Review of Current Literature in Africa

Unfortunately, there is markedly less documentation on access to finance for private health providers than for SMEs in general. Furthermore, most of the private health provider literature is less detailed and not as recent often dating from the mid-1990s. In addition, it frequently appears as part a broader discussion of constraints to the private health sector as a whole. And the relevant research typically does not probe the detailed factors that make access to finance an issue. Instead, it is primarily based on surveys of private providers, conducted by researchers who are not financial specialists that ask providers themselves if credit is a constraint. Finally, despite anecdotal evidence that access to finance is a problem in most of the developing world, the majority of the literature that was identified is based in Africa. Despite these limitations, however, important trends emerge from the literature review trends worth understanding and analyzing.

The literature review comprises more than 30 published and unpublished documents, including annual reports, research studies, conference proceedings, and trip reports. This paper highlights nine of the most relevant documents, beginning with those that employ a global perspective and followed by those with a country-specific focus. Considered as a whole, the reviewed documents reveal that access to financing is a major constraint to private health-sector growth. Furthermore, the documents indicate that lack of financing can have a negative impact on both scale and quality: A consistent theme is that when financing is a constraint, the private sector is dominated by small clinics with limited capacity. Furthermore, when access to credit is a problem and clinics are forced to rely on self-financing, quality issues often arise. These findings have significant policy implications for donors and governments interested in working with the private health sector to achieve scale and improve quality.

2.3.2 The IFC's 1998 Annual Report

In its 1998 Annual Report, the IFC identified the private health care industry as a "frontier sector" defined as a sector within a country where there is very limited capital availability. Guy Ellena, head of the IFC's Health and Education Department, explains that the health sector qualifies for frontier status because most commercial banks in the developing world are wary of lending to it. The report states that the IFC's health-sector strategy is to demonstrate the viability of health-sector investments, with the expectation that commercial banks will follow its lead, much as they have done in other industries (IFC, 1998).

2.3.3 Factors Affecting the Development of Private Health Care Provision in Developing Countries

In this 1993 review of factors affecting the development of private health care provision in developing countries, Peter Berman and Ravindra Rannan-Eliya found that capital is an increasingly important health care input. They suggest that the supply and cost of capital may be a more important factor in determining the level of private health care provision in developing countries than in developed countries (where it is relatively easy to obtain). Their paper further suggests that the more

complex the health care organization for example, a hospital, franchise, or network the more dependent it is on capital to grow. Private practices owned by a single provider are typically self-financed through business cash flow or capital provided by friends or family. While banks can act as a source of financing, the amounts tend to be limited. Expansion beyond the scale of a single clinic requires access to additional capital, which is often restricted by the formal banking sector (Berman and Rannan-Eliya, 1993).

2.4 Health Sector performance and Challenges

With regard to health sector performance and challenges in general, Tanzania has achieved substantial gains in Child Survival rates, with a significant decline in the Under-Five Mortality rate. Despite these important achievements, the Government admits that it is unlikely that all health 2010 MKUKUTA targets as well as the targets for 2015 for the health MDGs will be met. Just to name some of the major challenges the health sector is facing during the coming years: High neonatal death rates are accounting for 30% of all under-five deaths in Tanzania. With regard to Maternal Mortality rates, there is still no evidence to suggest a decline in that ratio in recent years. The staffing situation of skilled human resources remains glaringly deficient.

According to the Health Sector Performance Profile report 2009, the health sector will require a threefold increase in its workforce with an annual tenfold increase in hiring rates over the next 10 years if it were to successfully implement the MMAM.

2.4.1 Financial resources for Health

Tanzania utilizes a mixed type of financing for its health systems. It is largely using tax financing which accounts for about 70% of public financing. Taxation is complemented by the National Health Insurance Fund (NHIF), and Community Health Fund (CHF), as well as user fees, defined as a form of cost sharing. The MoHSW believes that user fees are an important source of income for the health sector. This is certainly problematic when the aim is to reach universal access to

primary healthcare and user fees have been shown to prohibit access to healthcare for the poorest and most marginalized.

Over the past five financial years, together with the budgeted amount for the current financial year 2009/10, the share of the health sector in total Government budget and expenditures has remained well below the 15% target of the Abuja Declaration. During the period 2004/5 to 2008/9 the share of the health sector budget (including Consolidated Fund Services (CFS), debt service, etc.) in total Government budget stagnated at c.10-11% and dropped to 10% in 2008/09. It is interesting to note that different figures for the share of the health sector in the 2009-10 budget were provided by the different stakeholders interviewed during the visit. While the MoHSW states that the share of the health sector stands at 11% of the total budget, other stakeholders, including the MoFEA in its Mid Term Expenditure Framework 2009/10 – 2011/12, claim that it had dropped to 8.5% – this might be related to the fact that one is including CFS in this data, while the other is not. However, it also reflects the difficulties in collecting accurate information and data when there is no unified way of presenting the data amongst Government institutions.

2.5 A Conceptual Framework

Conceptual frameworks identify the factors involved in health financing and suggest causative pathways for the links between health finance and overall health system performance.

Kutzin (2001) introduced his framework with the aim of developing a tool for descriptive analysis of the existing situation in a country's health system with respect to health care financing and resource allocation, and equally as a tool to assist the identification and preliminary assessment of policy options.

Kutzin's presentation focused on categorization and description of the elements of the financing system (collection of funds, pooling of funds, purchasing of services and provision of services) rather than on the relationship between financing and the broader health system. He emphasized that the conceptual framework was driven by

the normative objective of enhancing the 'insurance function' of providing access to care without financial impoverishment.

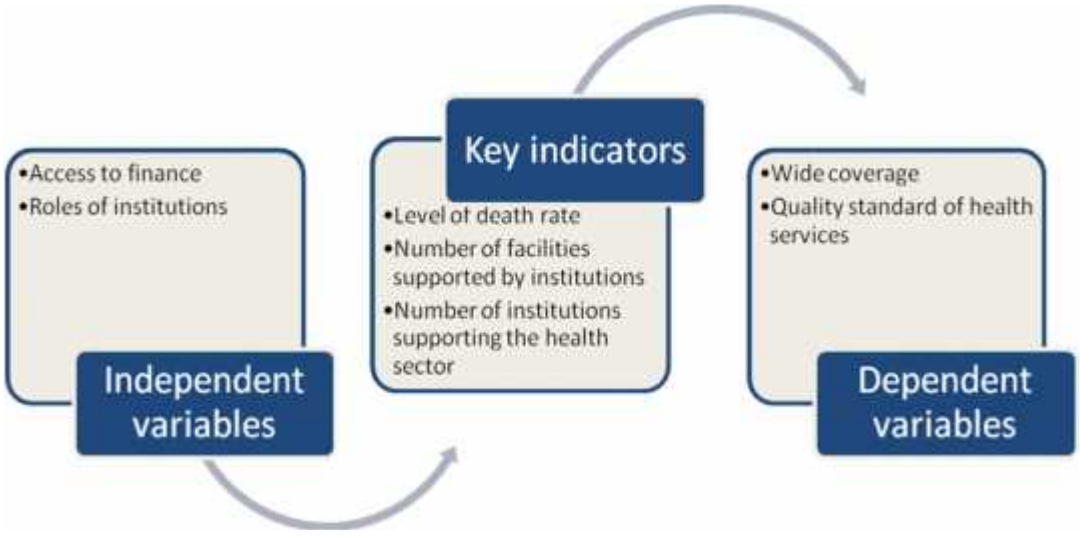
This study contains variables which are independent variable and dependent variables. Independent variables include access of finance, roles of institutions while dependent variables are wide coverage, quality standard of health services and provision of health care to the community.

(i.) Provision of health care services is important regardless of getting support from the financial institutions or not

(ii.) A quality service depends on high support from various stakeholders including government, non government and private sector.

(iii.) Wide coverage of health service depends on the support from government, non government and private sector.

Figure 2.1: Links of Financial Institutions to Health Sector Financing: Problem Modeling



Source: Researcher's Model 2013

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter covers the method which was used in data collection and various techniques were used confirming it to the research questions. This chapter gives details about the methodology used to conduct this study. It presents research design, techniques, population of the study, types of data collection, data collection methods, sample and sample size, sampling techniques, data processing and analysis of data.

3.2 Research Design

This is the case study design which was conducted at African Banking Corporation Tanzania headquarters in Dar es Salaam. The researcher preferred to use a case Study because it was possible to do in-depth analysis of customers due to a direct communication with them. Also a case study design has some flexibility in the methods of data collection rather than other types such as survey design and experimental design.

3.3 Research Techniques

The researcher used both the quantitative as well as the qualitative research techniques; however the qualitative research was given priority. Under these techniques the researcher used questions like HOW and WHY to come up with the required answers to the mentioned problem.

3.4 Population of the Study

Population selected include all stuffs working in BancABC in Dar es Salaam, members of APHFTA who are also BancABC customers, few staff of APHFTA and non members of APHFTA in the sector where the research was conducted.

3.5 Sampling Techniques

In this study the researcher used non random sampling (judgmental/ purposive) technique to draw a sample, this has enabled a researcher to select the right respondent who produced the best answer to research questions and meet the study objectives.

The researcher used respondents from four categories selected, these are

(i.) BancABC (staffs)

(ii.) APHFTA (staffs)

(iii.) Customers of BancABC (also APHFTA members)

(iv.) Non customers of BancABC

3.6 Sample Size

The researcher expected to use a sample size ranging from 5% to 10% of the staff depending on the total number of workers working with the bank. Currently the bank has 104 total numbers of employees. The sample has been selected at a random from a group. Judgmental/purposive sampling technique was used to select the sample of employees and customers. The selection depended on their availability and willingness to cooperate with the researcher in giving information.

3.7 Data Collection Methods and Techniques

The researcher used different ways to collect data such as

3.7.1 Interview

This is the research method that involves direct contact between the interviewer and interviewee. It involves a conversation and it could be direct i.e. through the phone or personal interview. Interview schedule were conducted between the researcher and the respondent. Interview question was designed to get answers from the public concerning the essence of providing credit finances to health care providers.

3.7.2 Questionnaires Adminstration

A questionnaire is a research method where the researcher complies with a set of questions which can be closed or open ended and given to the respondents to answer and sent them back. Both open ended and closed-ended questionnaire are included in this study. Questionnaires were useful tool in collecting data on the roles of financial institutions in supporting the health sector in Tanzania. In open–ended questionnaire the respondents were required to fill in empty spaces and be able to express their opinion and feelings. For closed questions the respondents were required to tick or encircle to the appropriate answer.

3.7.3 Observation

This is another way of data collection that was used by the researcher, under this method the researcher practiced fully in the daily activities of the bank and see what is really going in order to get data for the research. This method was useful because what the researcher gets was current and reliable evidence due to full participation.

3.7.4 Documentary Review

Under this method the researcher reviewed necessary documents in credit and IT departments which were helpful in the research. The usefulness of documents is based on their stability, in that they were reviewed repeatedly to validate information obtained from other sources. In this study, key documents related to health sector financing were generally scrutinized. Apart from that the researcher included primary data; these are fresh data Collected for the first time and for the specific research need.

3.8 Research Data

This study was designed to use both primary and secondary data.

3.8.1 Primary Data

These data were collected through personal interviews and observations in various sections, which are related in one way or another with role of private sector in health sector.

3.8.2 Secondary Data

These were extracted through reviewing various documents e.g. textbooks, journals, periodicals and other published information available.

3.9 Study Area

The study was conducted in Dar es Salaam region, the largest commercial city in the country. The city has large number of financial institutions and members of APHFTA. Administratively, the region is divided into three districts, Kinondoni, Temeke and Ilala, which are further divided into 52 wards, 32 of which are classified as urban16. The study areas covered all the three districts of the region.

3.10 Data Processing and Analysis

Both qualitative and quantitative technique used to analyze data. Data collected through interviews and questionnaires were analyzed. Discussions and explanations oriented tables, pie chart, bar chart, simple statistics like percentage used in study.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the nature of data which were collected in the field. The data concerning the roles of financial institutions in supporting the health sector in Tanzania were collected through various methods namely: questionnaire, open and closed-ended interview. The data were collected in various proposed organizations. However, before presentation, analysis and discussion of the empirical findings, the characteristics of respondents are presented and analyzed since are among the ways which establish validity and reliability of data collected.

4.2 General information of BancABC

ABC Holdings Limited is the parent company of a number of sub-Saharan Africa banks operating under the BancABC brand that offer a diverse range of financial services including personal, business and corporate banking as well as asset management, stock broking and treasury services. Guided by its core values of professionalism, people, innovation, passion and integrity, BancABC is pursuing its vision be the preferred banking partner in Africa by offering world class financial solutions - to the benefit of all its stakeholders. BancABC is realizing this vision by building profitable, lifelong customer relationships through the provision of a wide range of innovative financial products and services.

BancABC has a proud heritage dating back to 1956. The Group, which has its head office in South Africa, was formed as a result of a series of mergers and acquisitions of financial institutions operating in Southern Africa. This has given the Group a strong geographical footprint as well as a sound understanding of the diverse financial markets within the region. As a result, BancABC has operations in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe and a group services office in South Africa.

BancABC, previously known as African Banking Corporation, rebranded in April 2009, in line with its expansion into retail banking. BancABC's opened retail banking operations across all territories in 2010. In BancABC Tanzania the bank has four branches to date.

4.2.1 Vision

BancABC's vision is to be the preferred banking partner in Africa by offering world class financial solutions.

4.2.2 Mission

BancABC's mission is to build profitable, lifelong customer relationships through the provision of a wide range of innovative financial products and services; to the benefit of all our stakeholders.

4.2.3 Core Values

BancABC's core values are the result of broad stakeholder consultation and centre on five distinct areas. They remain the guiding principles by which we operate and form the basis of our corporate personality.

Integrity is a key value of the Group which is the ability to be reliable, ethical, credible, and trustworthy with a great sense of heritage. Our cast iron ethics form our unquestionable character and business practice.

Passion describes the people focused, accessible, personal and customized approach, anchored on vital African energy. In short, we are passionate because we believe in and love what we do.

Innovation embodies the key traits of being visionary, dynamic, energetic, challenging and agile. In practical terms, adoption of this core value means devotion to driving change by agile provoking new ideas and always doing things differently.

Professionalism entails being uncompromising, focused, and confident in offering world-class products and services. We strive for excellence in what we do, and are always seeking to improve on our performance.

People are the essence of our existence. Our world class staff, customers, clients, shareholders and stakeholders define our ambitions, success and passion. Our passion for people makes us customer-centric.

4.3 Assessment of the Research Objectives

The general objective for this study was to show roles that financial institutions plays in supporting the health sector. The study also identified good practices and shortcomings in order to draw up useful lessons for the Bank's future health interventions. Under this objective, three specific objectives were formulated including:

(i.) Identifying the importance of supporting health sector in Tanzania

(ii.) Examining whether banks credit facilities suits the health care providers requirements

(iii.) To show how can other stakeholders participate in developing the health sector

4.4 Characteristics of Study Respondents

All respondents from which primary data were collected are the employees of BancABC who are in Credit and Retail and SME Banking departments, APHFTA staffs who have been working closely with the bank in providing technical assistance in terms of Business skills development which includes Business trainings and advisory support on investment decisions and quality improvement program to the facilities which includes entry assessment, Quality training and Monitoring and evaluations in implements the quality upgrading plans, members of APHFTA who are also our customers under MCF portfolio and non customers of BancABC. Questionnaires, observation and interviews were used in data collection.

Table 4.1: Number of Respondents Who Participated in the Study

S/N	Category of Respondents	Sample Size	Actual Respondents	% of Actual Respondents out of sample size
1	BancABC Staff	11	10	91
2	APHFTA Staff	5	5	100
3	Members of APHFTA and BancABC's customers	25	22	88
4	Non customers of BancABC	6	4	67
	TOTAL	**47**	**41**	**87**

Source: Field Data 2013

4.4.1 Sex

Generally, the study was expecting to cover about 47 respondents. Unfortunately, only 41 respondents participated through questionnaires and interviews. About 29% of the total respondents were female and 71% were males.

Table 4.2: Respondents' Sex

Gender	Frequency	Percent
Male	29	71
Female	12	29
Total	**41**	**100.0**

Source: Field Data, 2013

4.4.2 Educational Level

Research findings indicated that 3(7.3%) of respondents who participated in the study using questionnaire and the interview had certificate and diploma education, 33(80.5%) had undergraduate degrees and 5(12.2%) had masters educational level.

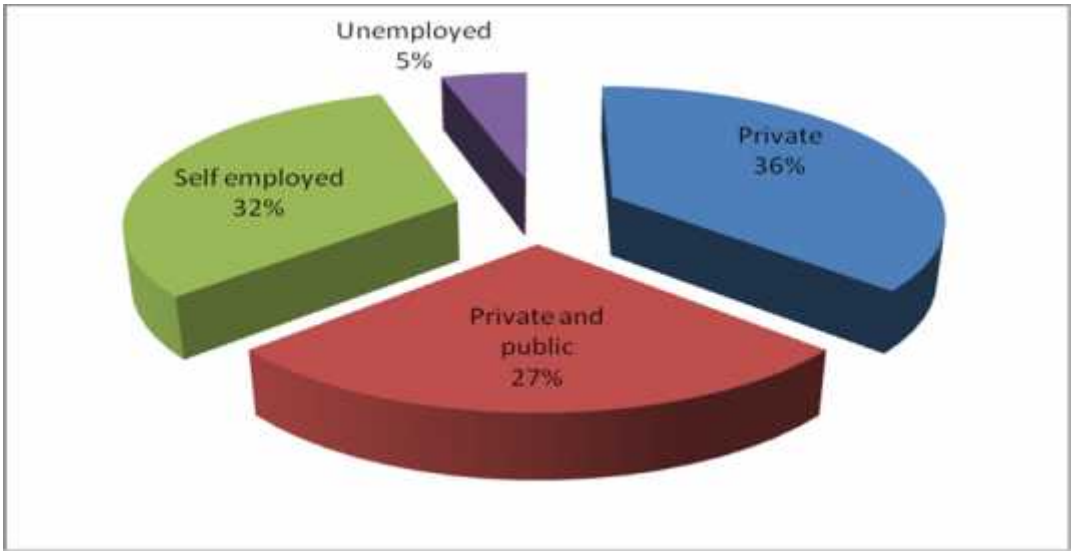
Figure 4.1: Respondents Level of Education

Source: Field Data 2013

4.4.3 Type of Employment

The research findings indicated that, out of 41 respondents who participated in the study, 15(36%) were employed in private organizations, 11(27%) in both public and private organizations, 13(32%) were self employed while 2(5%) were unemployed.

Figure 4.2: Respondents Type of Employment



Source: Field Data 2013

4.5 Importance of Supporting the Health Sector in Tanzania

Health sector plays a major role in the economic development of the country. For the Tanzania case health services are of inevitably due to the demand for these services which are mainly affected by growth of population and demographic changes. Furthermore being a tropical country results high prevalence of tropical diseases especially in the coastal regions. With this regard it's important for financial institutions to support this sector in order to have good quality of services.

4.5.1 Demand for Support from the Financial Institutions

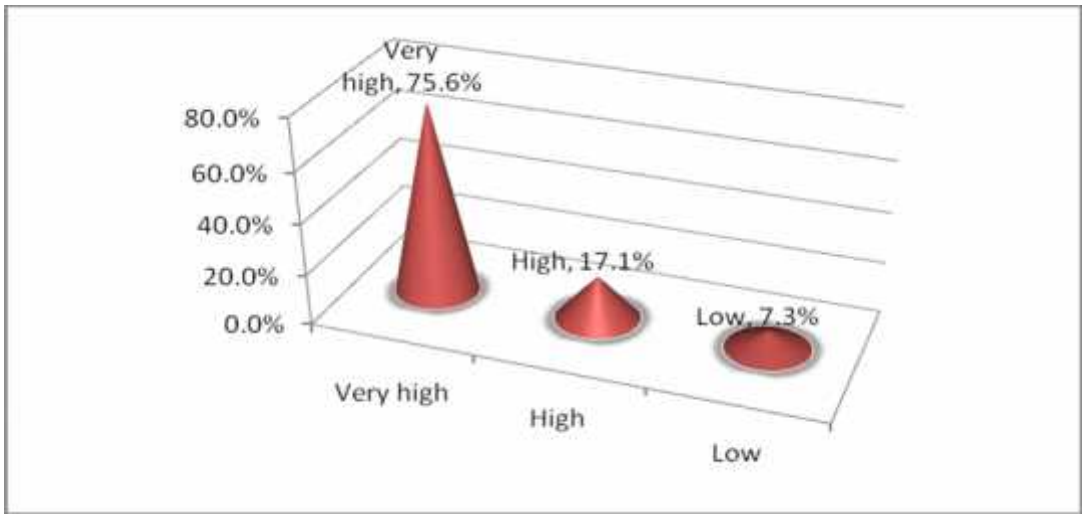
This variable determines how much health sector need support from institutions. From the study, out of 41 respondents, 31 (75.6%) said demand for support is very high, 7 (17.1%) said is high and 3 (7.3%) interviewed said it's low.

Table 4.3: Demand for Support from the Institutions

Demand for loans	**Frequency**	**percent**
Very high	31	75.6%
High	7	17.1%
Low	3	7.3%
Total	**41**	**1**

Source: Field Data 2013

Figure 4.3: Demand for Support from the Institutions



Source: Field Data 2013

The health sector's demand for support is high as start up costs for these services requires huge investment and most of health providers have no capital or enough capital to invest in this sector.

Figure 4.4: Mission Mbagala Clinic

Source: Researcher's photo 2013

The figure above shows one of the private health providers in Mbagala, Dar es Salaam. The population of this area constitute of low and middle income earners. This facility serves most of this population and thus quality concerns must be given priority.

Figure 4.5: Kijiji Dispensary in Mwanza

Source: Researcher's photo 2013

This is one of the small clinics in Mwanza which required support from BancABC through MCF program. The purpose of the loan was to renovate the clinic as part of quality improvement program in form of short term finance.

Figure 4.6: Bonde La Mpunga Dispensary in Tanzania after Renovation

Source: Researcher's photo 2013

The figure shows how health facilities can have good environment and quality of service after having access to finance. Quality improvement does not only make patients feel comfortable but also attracts various health insurance companies to enter in a partnership which lead to increase of more sales to health care providers.

4.6 Financial Institutions Products in Relation to the Health Sector Requirements

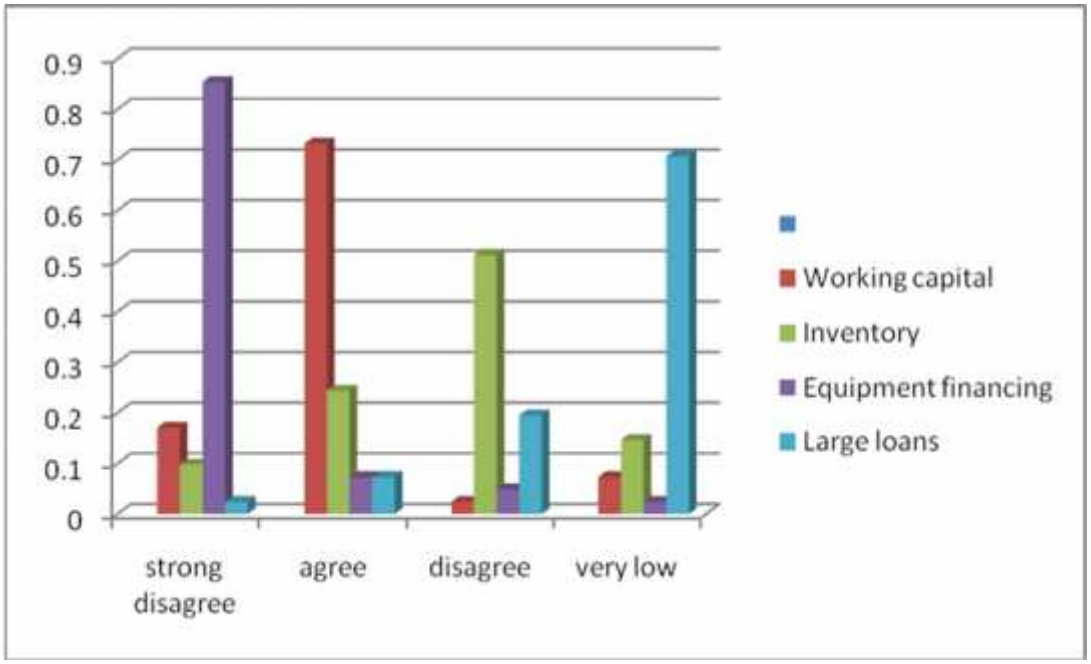
Most products offer by financial institutions does not suit the health care providers. Health facilities are often viewed as a highly risky form of collateral. All of the respondents interviewed noted that it would be very difficult politically to seize and liquidate a hospital or clinic. Furthermore, respondents cited a mismatch between health providers' financing needs and current bank terms. Under the current financing terms (excluding donor-backed loans), most providers would be restricted to loans for working capital, inventory, and perhaps some smaller pieces of equipment, as opposed to larger loans for facility improvements or expansion. From this study out of 41 respondents interviewed, (17%) strong agree that banks loan products offered to health providers, (73%) agree, (2%) disagree and (7%) strong disagree; for inventory (10%) strong agree, (24%) agree, (51%) disagree and (15%) strong disagree; for equipment financing (85%) strong agree, (7%) agree, (5%) disagree and (2%) strong disagree; for large loans (2%) strong disagree, (7%) agree, (20%) disagree and (71%) strong disagree.

Table 4.4: Most Loan Products Granted to the Health Providers

Most products offered	Strong agree	Agree	Disagree	Strong disagree
Working capital	17%	73%	2%	7%
Inventory	10%	24%	51%	15%
Equipment financing	85%	7%	5%	2%
Large loans	2%	7%	20%	71%

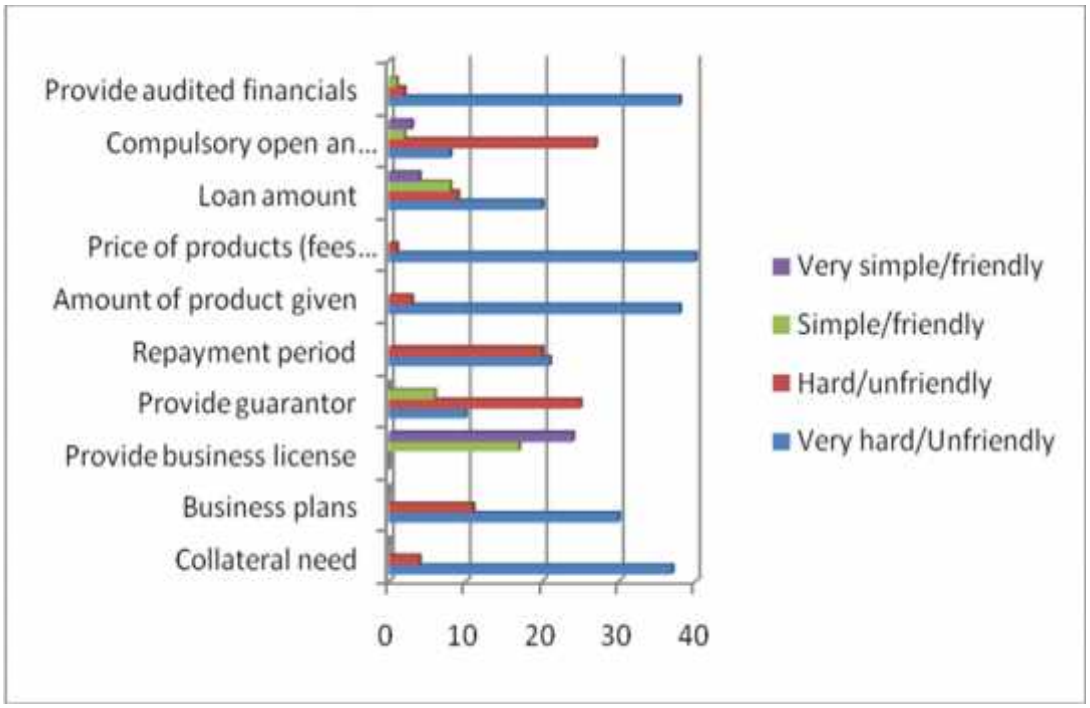
Source: Field Data 2013

Figure 4.7: Bank's Most Loan Products Offered to Health Sector



Source: Field Data 2013

Figure 4.8: Actual Response on Whether Conditions for Access to Finance are Friendly or Not.



Source: Field Data 2013

Most respondents' opinions were conditions and terms are not in line with the health sector requirements. Since the primary objectives for health sector is to provide services to the community affordably. Thus the health sector requires high a big support.

Credit constraints were cited as having implications for both scale and quality. For example, private providers consistently complained that credit to finance buildings, equipment, and drug supplies was difficult to obtain. According to the study, Tanzanian financial institutions do not consider the health sector a viable area for investment, citing collateral concerns as a major factor.

4.7 Barriers to Financing from the Health Sector Perspective

While the business environment and capacity of health care providers are important constraints, the focus of this paper is to explore the roles of financial institutions in supporting the health sector leading by: access to finance. The paper will analyze whether and how access to finance impacts the development of health sector in general. Other factors presented below include capital constraint, lack of business plans, unregistered business, education and training, record keeping and bureaucratic process.

4.7.1 In Access to Finance

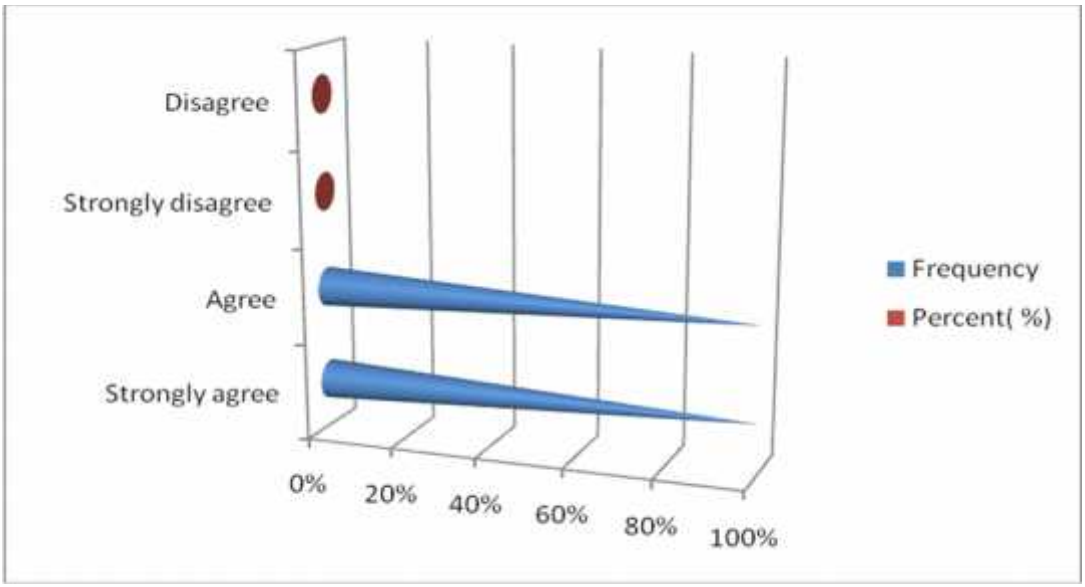
Research findings demonstrated that many health providers have in access to finance from institutions. Almost all respondents strongly agree, 40(98%) strongly agreed and 1(2%) agreed.

Table 4.5: In Access to Finance

In access to finance	Frequency	Percent (%)
Strongly agree	40	98%
Agree	1	2%
Strongly disagree	0	0%
Disagree	0	0%

Source: Field Data 2013

Figure 4.9: Health Providers in Access to Finance



Source: Field Data 2013

4.7.2 Capital Constraint

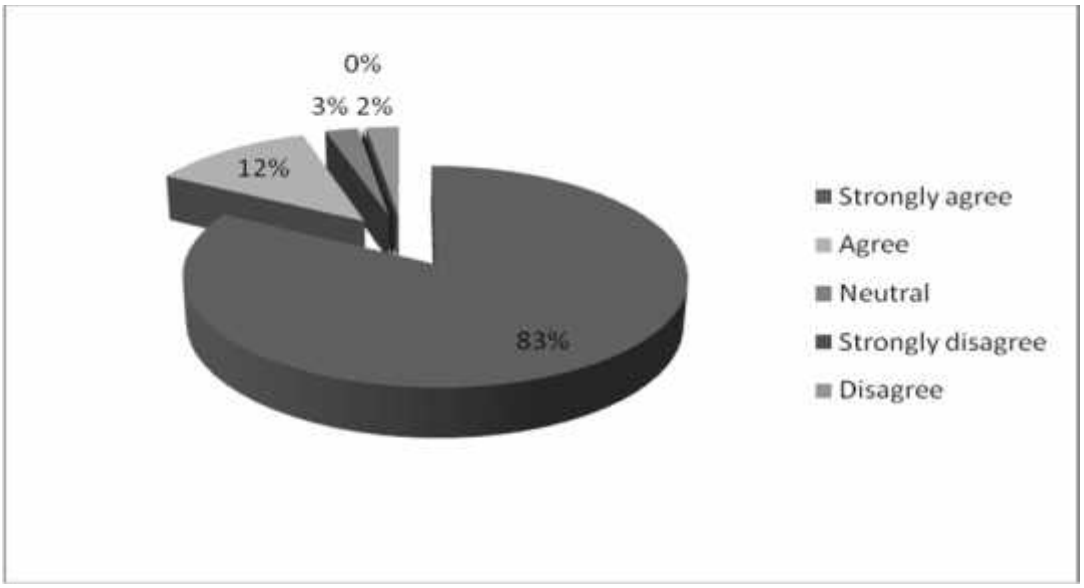
Data from the field show that health providers have capital constrain to establish and expand their business. About 34 (83%) of the respondents strongly agreed with the affirmation above, while 5 (12%) agreed, 1(2%) were neutral and 1(2%) strongly disagreed.

Table 4.6: Capital Constraint

Capital constraint	Frequency	Percent (%)
Strongly agree	34	83%
Agree	5	12%
Neutral	1	2%
Strongly disagree	0	0%
Disagree	1	2%

Source: Field Data 2013

Figure 4.10: Capital Constraint



Source: Field Data 2013

4.7.3 Lack of Business Plans

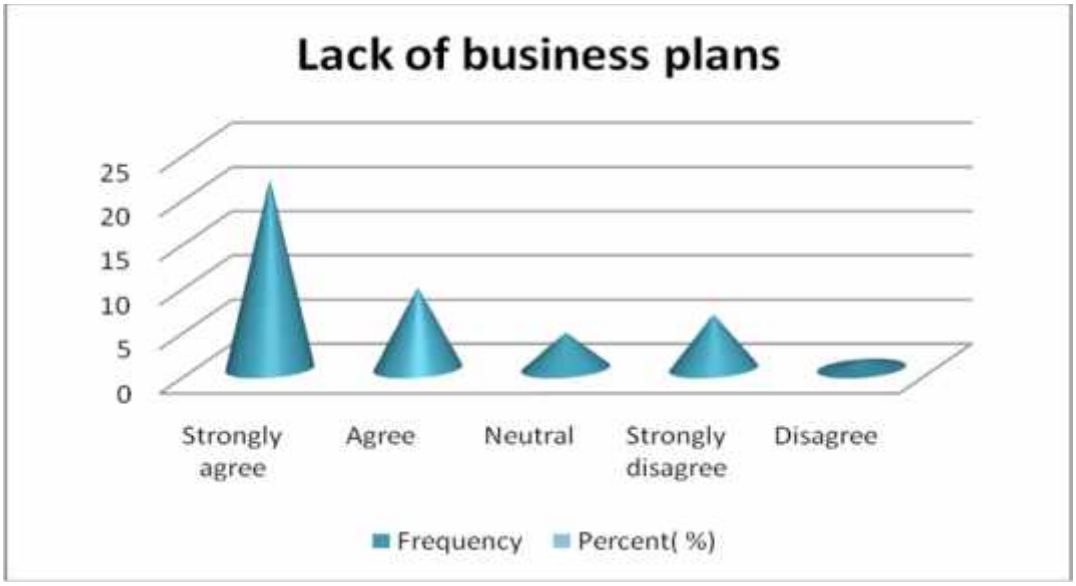
The research conducted showed that most of the health providers do not have business plans. In order to be supported by institutions business plans are among the requirements when assessing the business. About 21(51%) of the respondents strongly agreed, 9(22%) agreed, 4(10%) were neutral, 6(15%) strongly disagreed and 1(2%) disagreed.

Table 4.7: Business Plans

Lack of business plans	Frequency	Percent (%)
Strongly agree	21	51%
Agree	9	22%
Neutral	4	10%
Strongly disagree	6	15%
Disagree	1	2%

Source: Field Data 2013

Figure 4.11: Lack of Business Plans



Source: Field Data 2013

4.7.4 Business Registration

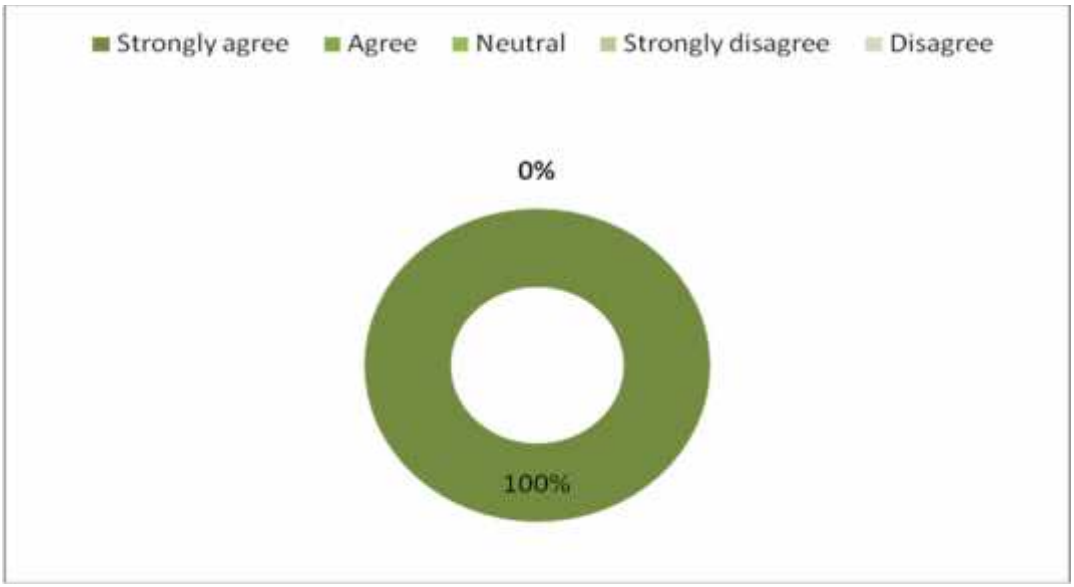
From the study conducted it is evidently that business registration is another barrier for getting access to finance from the institutions. All 41 respondents strongly agreed that health providers have unregistered business and if they do are not properly registered.

Table 4.8: Unregistered Businesses

Unregistered business	Frequency	Percent
Strongly agree	41	100%
Agree	0	0%
Neutral	0	0%
Strongly disagree	0	0%
Disagree	0	0%

Source: Field Data 2013

Figure 4.12: Unregistered Businesses



Source: Field Data 2013

4.7.5 Education and Training

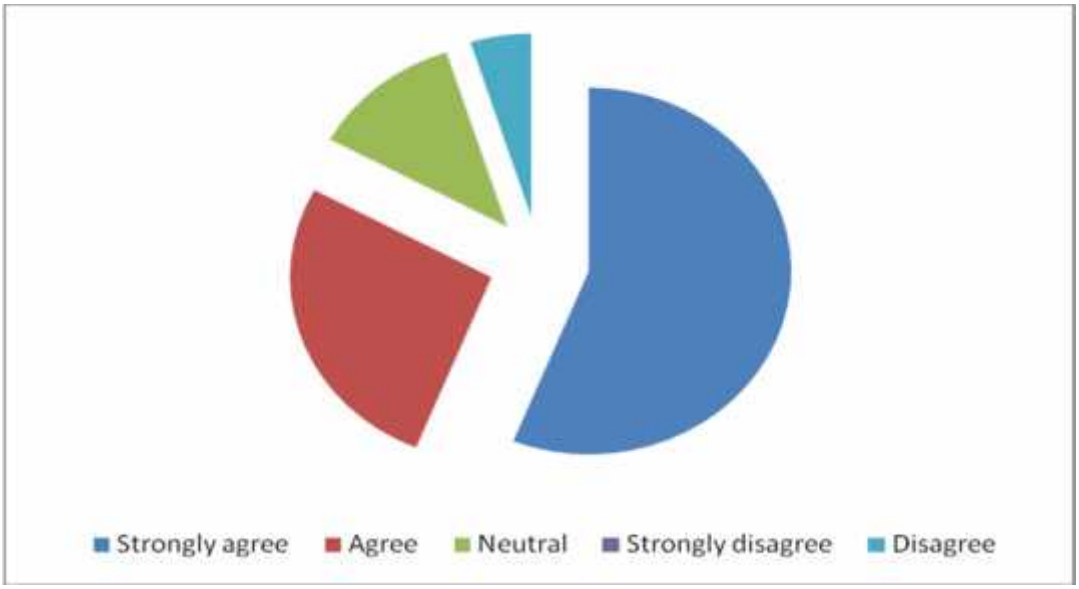
The research found that most health care providers are educated in the field but lack education and training in business. This results to lack of control on cash flows and liquidity problem. Out of 41 respondents 23 (56%) strongly agree to lack education and training on business while 11(27%) agree, 5(12%) neither agree nor disagree and 2 (5%) disagree.

Table 4.9: Education and Training

Education and training	Frequency	Percent
Strongly agree	23	56%
Agree	11	27%
Neutral	5	12%
Strongly disagree	0	0%
Disagree	2	5%

Source: Field Data 2013

Figure 4.13: Education and Training



Source: Field Data 2013

4.7.6 Improper Record Keeping

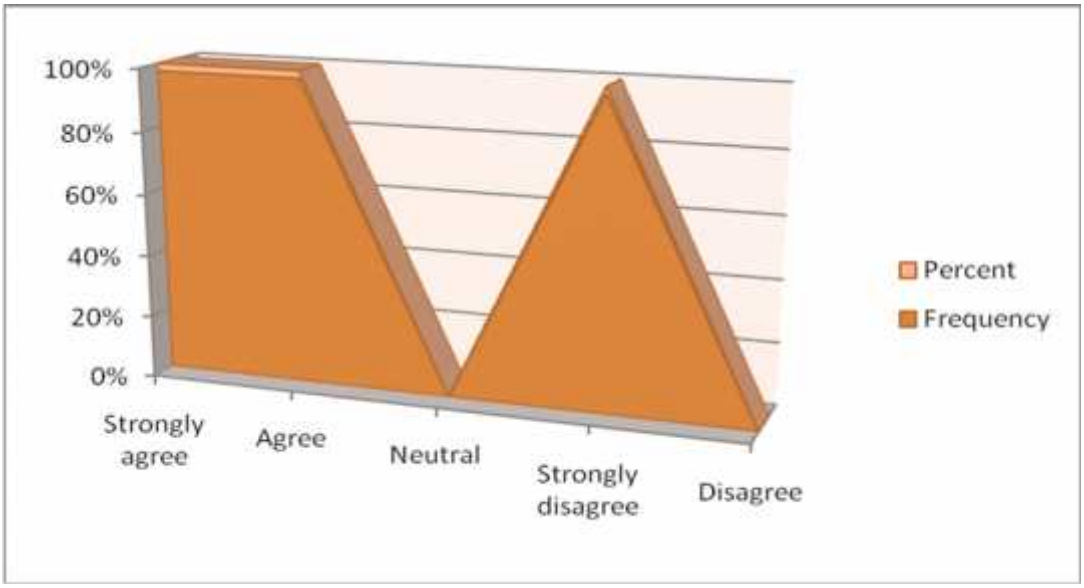
From the study conducted about 32 (78%) strongly agree that health providers has improper records keeping while 7(17%) agree and 2 (5%) strongly disagree.

Table 4.10: Record Keeping

Record keeping	Frequency	Percent
Strongly agree	32	78%
Agree	7	17%
Neutral	0	0%
Strongly disagree	2	5%
Disagree	0	0%

Source: Field Data 2013

Figure 4.14: Improper Record Keeping



Source: Field Data 2013

4.7.7 Bureaucratic Process

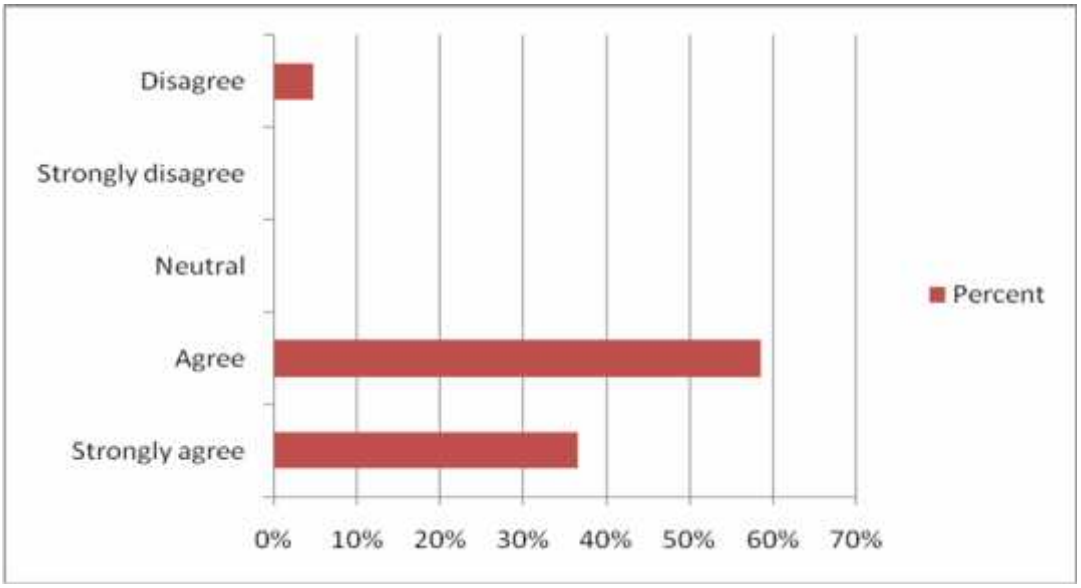
The research conducted found from the respondents that bureaucratic process such as business registration processes, tax matters hinders small business growth. Out of 41 respondents

Table 4.11: Bureaucratic Process

Bureaucratic process	Frequency	Percent
Strongly agree	15	37%
Agree	24	59%
Neutral	0	0%
Strongly disagree	0	0%
Disagree	2	5%

Source: Field Data 2013

Figure 4.15: Bureaucratic Process



Source: Field Data 2013

Surveys conducted throughout the world have found that small business owners cite access to finance as either the largest constraint to growth, or one of the largest. The literature review done for this paper demonstrates that private health providers are no different in this assessment. Access to finance is, however, a broad term as is demonstrated by the range of specific factors that small business owners cite when asked about the financing barriers they face. These factors include

(i.) Collateral requirements of banks and financial institutions
(ii.) Bank paperwork and bureaucracy
(iii.) High interest rates
(iv.) Need for special connections with banks and financial institutions
(v.) Banks lack money to lend
(vi.) Limited access to foreign banks
(vii.) Constricted access to non-bank equity
(viii.) Limited access to financing to lease equipment
(ix.) Constricted access to long-term loans

4.7.8 Loan Processes in Tanzania

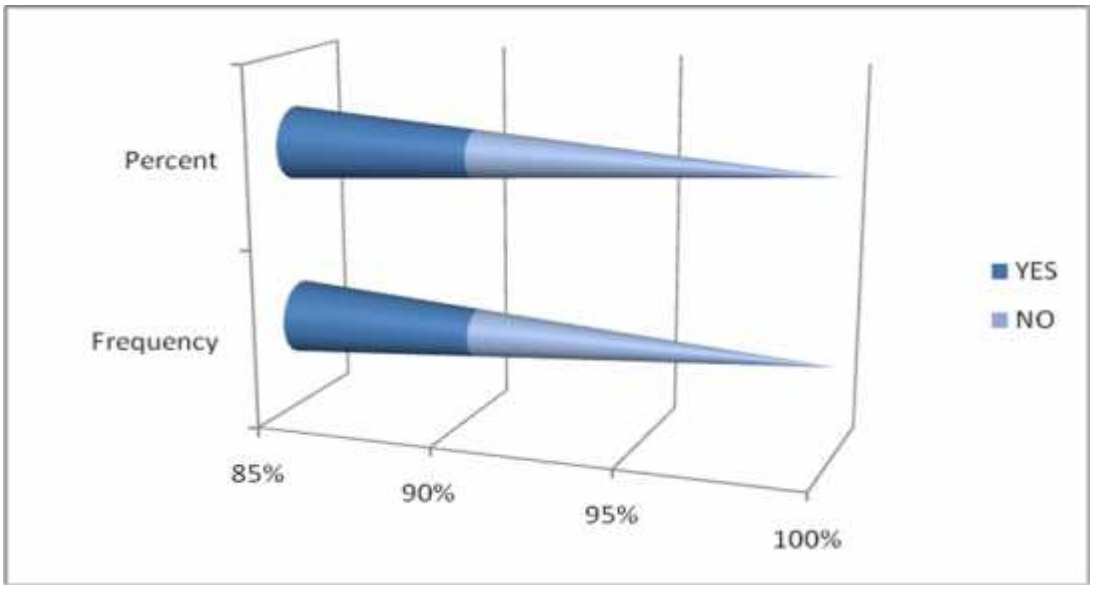
From the research study out of 41 respondents interviewed, 37 (90%) view loan processes in Tanzania to be complex and take long time for business to finally have access to funds while 4 (10%) they are not.

Table 4.12: Views on Loan Processes in Tanzania

Loan process	Frequency	Percent
YES	37	90%
NO	4	10%

Source: Field Data 2013

Figure 4.16: Loan Processes in Tanzania



Source: Field Data 2013

4.7.8.1 MCF Bank Partners Loan Processes

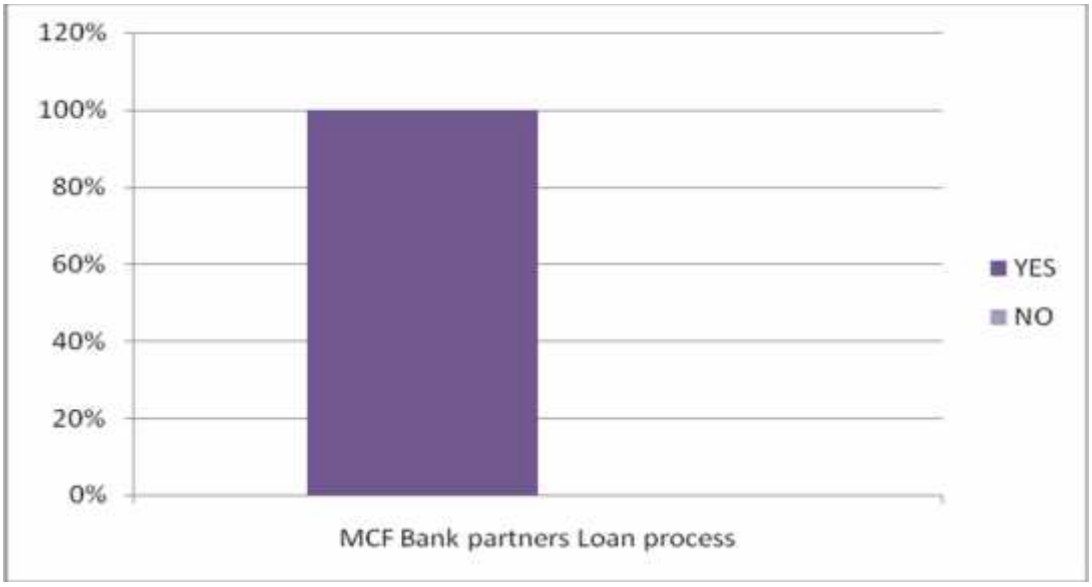
The researcher also noted that loan processes view to be complex to most health providers when requesting for the support from financial institutions. This question was addressed to 35 respondents who are related to MCF. All respondents' processes are complex and also take long time for accessing funds.

Table 4.13: Respondents Perception on Loan Processes

MCF Bank partners Loan process	Frequency	Percent
YES	35	100%
NO	0	0%

Source: Field Data 2013

Figure 4.17: Views on MCF Bank Partners Loan Processes



Source: Field Data 2013

Figure 4.18: A Case of Mico Mzambarauni

Source: Researcher's photo 2013

The figure above cite an example of the facility which loan requests has take more than 6 months period to get approval. Client requested for support under MCF program and after assessing and visit the business premises the bank found that there were no proper records of business, lack of financial discipline, financials submitted had problem and the value of the security was inflated. This resulted to time frame given to the client in order to have financial discipline and reprocess again some documents for loan processing.

4.9 Barriers to Financing from the Financial Institutions Perspective

Financial institutions complained that health providers are typically not good business people. Loan requests by health providers frequently get turned down because of incomplete or unrealistic business plans and inadequate financial statements. But examining this issue from the business owner's perspective captures only part of the story. When banks and financial institutions are asked why they limit lending to SMEs, they have their own set of explanations. Frequently-cited barriers to financing from the bank's perspective include

(i.) Inadequate information on potential borrowers (no credit bureaus)

(ii.) Poor business plans and financial statements

(iii.) Weak property laws

(iv.) Bank officers' limited understanding of health SMEs and SME lending

4.9.1 Inadequate Information on Potential Borrowers

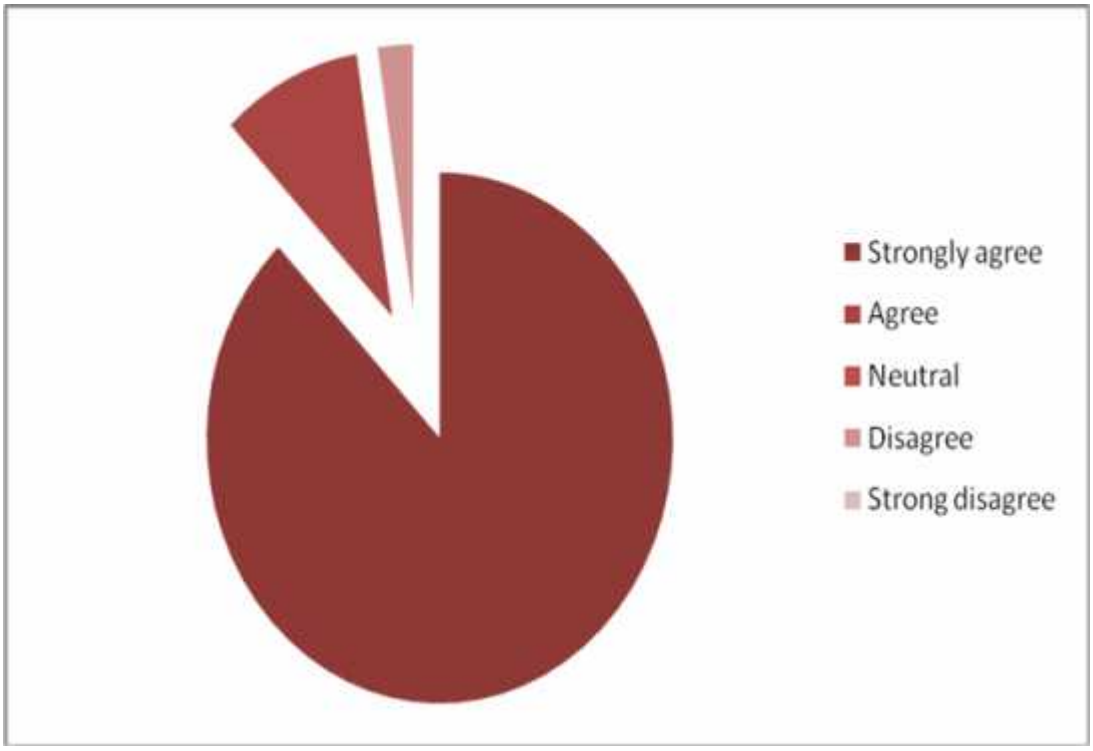
The researcher found out of 41 respondents 36 strongly agree that there is inadequate information on potential borrowers while 4 agree and 1 disagree.

Table 4.14: Inadequate Information on Borrowers

No credit bureau	Frequency	Percent
Strongly agree	36	88%
Agree	4	10%
Neutral	0	0
Disagree	1	2%
Strong disagree	0	0

Source Field Data 2013

Figure 4.19: No Credit Bureau



Source: Field Data 2013

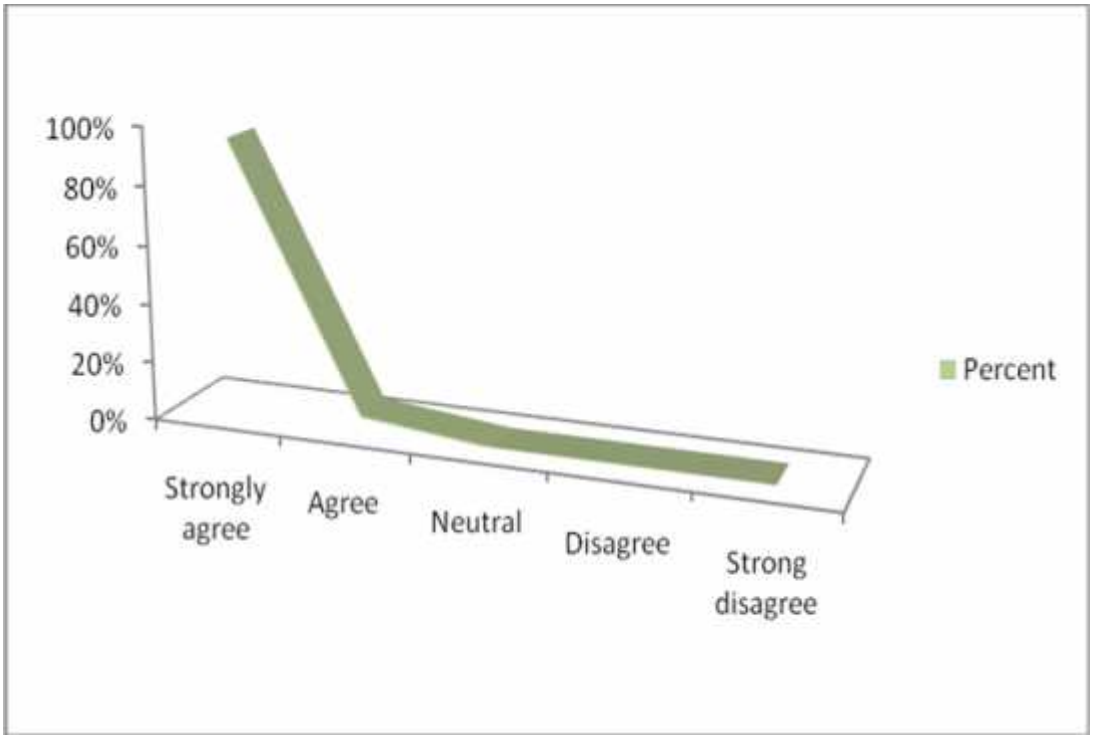
4.9.2 Poor Business Plans and Financial Statements

The researcher again had the same response that most of the health providers do not have business plans or have poor financial statements. (Recall Table 4.7)

4.9.3 Weak Property Laws

Out of 41 respondents 39 (95%) strongly agree that Tanzania has weak property laws while 2 (5%) agree.

Figure 4.20: Weak Property Laws



Source Field Data 2013

4.9.4 Bank officers' limited understanding of health SMEs and lending

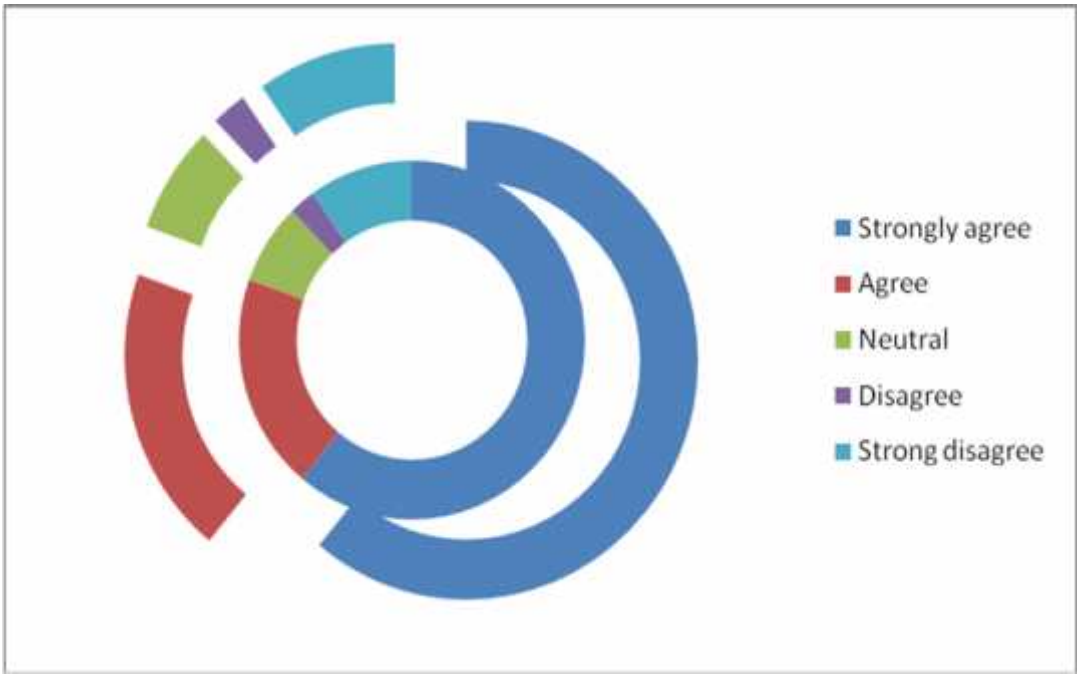
The research found that there is a limited understanding on health sector SMEs and lending. Out of 41 respondents 25 strongly agree, 8 agree, 3 neither agree nor disagree, 4 strongly disagree and 1 disagree.

Table 4.15: Limited Understanding on Health SMEs and Lending

Limited understanding on health SMEs	Frequency	Percent
Strongly agree	25	61%
Agree	8	20%
Neutral	3	7%
Disagree	1	2%
Strong disagree	4	10%

Source Field Data 2013

Figure 4.21: Limited Understanding on Health SMEs and Lending



Source Field Data 2013

4.10 Participation of Other Stakeholders in Supporting the Health Sector

The survey has revealed that health care providers require a big support from the financial institutions. Out of 580 members of APHFTA about 70 members have been granted credit facilities through the MCF program. The organization is currently in partnership with two banks in Tanzania which are BancABC and Nmb. With Nmb bank only 20 members have been granted loans whereas in BancABC about 50 members have loans. With the case study of BancABC out of 50 members, 10 members are from Mwanza, 4 members from Arusha, 1 member from Tanga and the rest are from DSM. This is only 7% of the total members. In DSM, APHFTA have more than 200 members. From the study respondent feels that there is huge potential in this sector which can be explored. Currently APHFTA has 580 members in Tanzania citing more participation in supporting this sector.

Table 4.16: Number of Health Facilities in Tanzania In 2000

Facility	Agency				
	Govt.	Parastatal	Vol/Rel	Private	Others
Consultancy/Specialized Hospitals	4	2	2	0	-
Regional Hospitals	17	0	0	0	-
District Hospitals	55	0	13	0	-
Other Hospitals	2	6	56	20	2
Health Centres	409	6	48	16	-
Dispensaries	2450	202	612	663	28
Specialized Clinics	75	0	4	22	-
Nursing Homes	0	0	0	6	-
Private Laboratories	18	3	9	184	-
Private X-Ray Units	5	3	2	16	1

Source: Ministry of Health Statistical Abstract

From this source it's true that other stakeholders should also participate in financing the health sector. There are a lot of dispensaries and from the study the business environment for most of these facilities are not good.

4.11 Summary

This chapter has given a clear picture on the nature of the respondents who participated in the study. Briefly it has shown the relationship that exists between the research variables. From the explanations and figures in the chapter, it is evident that health sector financing faces a lot of challenges and thus affects economic development of the country. From the study conducted the respondents had demonstrated a massive standpoint that it is important for financial institutions to support the health sector and reforms the products available or formulate better and specific products for these sectors. Chapter five will give details of this affirmation shown by the respondents above.

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

In this chapter the writer attempts to analyze the data/results presented in the previous chapter, by basically critically examining, summarizing and providing interpretations in relation to the research questions posed earlier which were what is the importance of supporting the health sector in Tanzania, do the facilities provided to the health care providers meet their requirements and how can other stakeholders participate in the development of the health sector?

Data presented in this chapter are from respondents' views, observation and perceptions in relation to the roles of financial institutions in financing the health sector. The findings are also incorporated with various secondary sources for the aim of attaining objectivity, reliability, validity and significance. Since the affirmation has been laid down, the following discussion presents its justification.

5.2 In-Access to Finances and Capital Constraint

The first factor is in-access to finances which can be linked to capital constraint. The difference here is that capital constraint is failing to raise funds to start or establish a business while the in-access to finance refers to in accessibility of funds for expanding/ running or maintaining a business undertaking. Capital constraint and inaccessibility to finances are obviously the most discussed by many as major factors limiting business growth.

5.2.1 In-Access to Finances

In the health sector where this study was undertaken, it is argued that there are a few things that arise making it hard for health care providers to be able to have access to proper financing. These things are such as collateral constraint, inadequate business plan, state of the economy and bureaucratic procedures in applying for loans/finances. Collateral constraint and bureaucratic procedures being cited mostly

as major factors; these constrain the attainment of funding from financial institutions. In access to finances was mentioned by forty one interviews which is about 98% of the total respondents. Recall (table 4.5)

The significance of finances as a constraint to small business growth cannot be overlooked since capital is a major factor of production. In a poor country like Tanzania, it is quite hard to find an average citizen owning valuable land or other property that can be used to secure loans; if they do own one, most average Tanzanians don't find it a merit to have title deeds citing the difficulties of plot valuing and measuring as reasons for not seeking title deeds for their lands. Moreover, it is argued that there are so many procedures to be adhered to in order to obtain finances as stated in the interview by some respondents including Mico Mzambarauni Recall (figure 4.18). This is on the business owners part but on the other hand, the banks claim to have no problems on their side saying that most of the problems causing difficulties are either from the clients themselves (inadequate business plans, collateral constraint) or state of the economy (inflation rates leading to high interest repayments plans for loans).

5.2.2 Capital Constraint

The study found that providers therefore largely limit themselves to establishing small dispensaries and pharmaceutical outlets, rather than hospitals and specialist clinics, which ability to achieve scale. The researcher found that the majority of providers who are seeking to establish a private practice are low-paid practitioners who have either retired with a nominal pension or are still employed in the public sector. These practitioners have limited savings for investment in a health facility, and typically have no collateral to secure a loan. As a result of these capital constraints, the study found that recently established one-person facilities (microenterprises) were largely self-financed and often established in one or two rooms of a residence and fail to meet Ministry of Health standards. The Tanzania country study raised the issue of the impact of the credit constraint on the quality of services provided by the private health sector. The study suggested that some form of

loan guarantee could be used to help the private sector expand capacity and improve quality (Munishi et al., 1995).

Despite the constraint of raising funds from financial institutions being raised by the business owners, it is indeed a surprise as to why other sources of financing are overlooked; these being for example selling shares or part ownership to other parties such as business angels or financial institutions or venture capitalizing. A study by Kuzilwa A.J 2005 suggests that small entrepreneurs are reluctant to sharing ownership which leaves them opting to short term debt financing which may constitute a constraint upon the growth of the business. It has been argued that the businesses which shared or were willing to share part of their ownership with other parties were likely to grow or have grown rapidly than the businesses which didn't share equity (Kinsella et al 1993). In the results, thirty four respondents strongly agree and 5 respondents agree that capital constraint is a limiting factor to business growth. Recall (figure 4.10).

5.3 Lack of Business Plan/Vision for the Business

Coming down to the matter of lack of a proper business plan/vision for the business, it is evident that firms which have no proper business plans at start face the most challenges during the course of their lives. It is emphasized that a formal plan for a business is needed in order for proper goals and objectives of the firm to be laid out in the open so that the team in the organization/firm works together for the same goals in their minds. Also the business plan is important since it is helpful in monitoring the extent to which these plans are successful in terms of materialization and it provides the opportunity to review reasons as to why the plans and outcomes differ. In addition a business plan is an important tool in securing loans from financial institutions as evident in the interview where 51% of total respondents strongly agree, 22% agree, 10% neither agree nor disagree, 15% strongly disagree and 2% disagree to lack business plans. This was the same to those who have business plans but they are poor.

5.4 Running Informal/Unregistered Businesses

Running informal/unregistered businesses is another factor limiting health sector growth. From the study all respondents strongly agree that most business are running informal that is not registered. Recall (Figure 4.12). It is not very clear how it does so but it is obviously linked to the characteristics of the business itself and the relationship it has with other parties. One of the things that can be associated here is the businesses' own legal formality. For example a limited liability company is more likely to grow faster than a sole proprietorship or partnership because of the limited liability and the credibility a particular business has with its customers and banks. Running unregistered/ illegal or rather call them informal businesses prevents it from benefiting from government SME's packages (An example being the SME guarantee scheme by the government of Tanzania) catered to develop the sector. Also there is un-ease of getting finances from financial institutions and adding to that the incapability of it to create and enjoy customer loyalty; all these constraining a particular business from developing/growing.

5.5 Education and Training and Improper Record Keeping

The next two factors can be linked to together. These are the lack of proper record keeping and inadequate education and training. It is obvious that the inadequacy of education and training leads to improper record keeping or rather say no record keeping at all.

5.5.1 Education and Training

Education is a key constituent of the human capital needed for business success. It is argued that education and training provides the basis for intellectual development needed by entrepreneurs in business to be successful. Moreover, they provide the entrepreneurs with confidence to deal with clients. (D.J. Storey 1994). As seen in the study, the educated entrepreneurs showed more promising results in terms of how their business is doing. It is always argued also that business ownership is not an intellectual activity rather entrepreneurship is an opportunity for the less academically successful to earn high incomes. It may even be that individuals with the highest academic attainment are likely to be insufficiently challenged by many of

the mundane tasks associated with business ownership (Mike Simpson et al 2004). The findings of the research showed that health sector providers are lacking education and training in business. Recall (Table 4.9).

5.5.2 Improper Record Keeping

The improper record keeping comes as a result basically of inadequate education and training in business; because of this a firm loses track of its cash flows and in turn leading to cost control and liquidity problems just to name a few. If the records of the transactions a business undertakes are not kept properly, growth cannot be achieved the firm loses track of where it is heading .This is seen in the case of Mico Mzambarauni in the study. (Recall figure 4.18).

5.6 Bureaucratic Processes

Bureaucratic processes in conducting businesses in Tanzania are yet another factor which is a constraint to small business success. This is so because small businesses find it difficult (in terms of procedural processes) in areas such as business license obtaining, registering a business, tax matters and so on and so forth. It is so as such because there isn't a clear system of providing small businesses information on such matters neither by the government nor by other stakeholders' .The findings of this research shows that 15 respondents strongly agree, 24 respondents agree and 2 respondents disagree that bureaucratic process hinders business success. Recall (Table 4.12).This leaves small businesses out and about with no formal way of conducting their businesses hence lacking professional appeal to their customers, stakeholders in their particular industries and even to the government. And then therefore they miss out on many opportunities being offered either by aid from overseas or locally.

5.7 Inadequate Information on Borrowers (No Credit Bureau)

This is the major challenge face by financial institutions in Tanzania. Information is mandatory in assessing or doing analysis of the customers. Since lending involves money giving and thus lenders require adequate information about client and business before disbursements. From the study 88% of respondents strongly agree

that there is inadequate information, 10% agree and 2% disagree. (Recall table 4.14). A credit bureau is an agency that collects, maintains, and sells individual credit information in the form of a credit report. In its presence lenders can access to these information in order to get a concrete credit history.

5.8 Limited Understanding of Health SMEs and Lending

About 61% of respondents strongly agree that there is a limited understanding of health SMEs and lending where 20% agree, 7% neither agree nor disagree, 2% disagree and 10% strongly disagree. Health is a sensitive matter and requires specific professionalism. The researcher found that most institutions fear to support the health sector due to this factor and thinking also that it's a government responsibility. Financial institutions should engage various experts and collaborate with them in order to have a better understanding of this sector and lending to them.

5.9 MCF Bank Partners Loan Processes

MCF is current in partnership with 2 banks in Tanzania as mentioned earlier. From the research conducted respondents view on loan processes are not favorable to the financial requirements. Despite of a lot of documents required for analysis to be done it takes a long from loan processing stage up to disbursement of funds. At most time health providers find that what they aim to achieve prolongs and thus discourage them from requesting loans. From the research findings all respondents agree that loan processes are complex and take longer time than expected. Recall (Figure 4.17).

5.10 Chapter Summary

This chapter analyzed and discussed major findings as presented in chapter four and their implication in the growth of health sector. It has been evident that a lot of factors causing lack of support from the financial institutions, government and other stakeholders. Finally, chapter six provides a cohesive summary of findings, analysis, and end up with suggestive recommendations.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

6.1 Introduction

This chapter presents a summary of the findings associated with the roles of financial institutions in supporting the health sector in the country. In this chapter the researcher is going to give the conclusion and the recommendations will only base on the data analyzed during the course of study.

6.2 Summary of the Study

This paper has found that health care providers share many of the same barriers to financing as other types of SMEs, including high interest rates, poorly developed business plans and financial statements, and inadequate collateral. This paper contends, however, that because of the special nature of their business, access to financing is even more of a problem for private health providers than for other types of SMEs. One of the greatest hurdles is collateral. While most SMEs struggle to meet banks' collateral requirements, health providers are at a particular disadvantage because bankers view health facilities as a highly risky form of collateral. Most banks would find it politically difficult to seize and liquidate a health care facility. In addition, many banks complain that SMEs are difficult to lend to because they are informationally opaque due to inadequate business plans and poor financial statements. Despite this problem, at least most SMEs are run by entrepreneurs that may or may not have a business background. In comparison, many private health businesses in developing countries are owned and run by clinicians with no business experience. Business plans and financial statements submitted by private health providers are frequently considered unbankable.

Another barrier is loan officers' limited understanding of SMEs in general and SME lending in particular. While there are a number of donor-sponsored programs working with banks to increase this understanding, many programs focus on lending to manufacturing or agricultural SMEs in order to have the greatest impact on job

creation and economic development. None of the programs reviewed focused on health-sector lending. Typically, banks do not understand the health sector and are uncomfortable lending to it. For example, the financial assessment revealed that loan officers do not know how to analyze health loans: They do not understand the business model or the cash flow cycle of private health-sector borrowers. They also do not know the risks they need to avoid or how to identify opportunities. As a result, loan officers are reluctant to lend to the health sector.

6.3 Conclusions

This study attempted to show the roles of financial institutions in supporting the health sector in Tanzania. As a researcher it's obvious and evidently that current products offered by most financial institutions does not meet health care providers requirements. Also from the interviews and questionnaires a number of factors have been identified as to why participation of financial institutions in supporting this sector is minimal and its growth is low. These include in access to finance, lack of business plans, improper record keeping, inadequate education and training, bureaucratic process and lack of collateral. With regard to BancABC as a case study it's high time to call for other participants to take part and cooperate together with government and other stakeholders in order to improve our health services. By doing so Tanzania's output will increase and eventually per capital income.

Health sector plays a major role in the economic development of the country. This sector needs support from institutions because every citizen requires health services and poor health service leads to high death rate, loss of income as people with high income may opt for abroad health services.

By addressing these issues, financial institutions, donors, the government of Tanzania and other stakeholders can build a stronger private as well as public health sector in Tanzania by providing health workers an alternative to leaving the country and reducing the demand on public-sector facilities.

6.4 Recommendations

As far as the author of this study is concerned, much support to the health sector is required in order to have high quality of health services and output in Tanzania. For this particular purpose the author draws a number of suggestions and divides them in four categories depending on the type of group involved in the reforms. The groups involved are financial institutions, the government, donors and other stakeholders. The recommendations are as follows:-

6.4.1 Financial Institutions

Financial institutions should learn and understand the health sector and its dynamics, engage other stakeholders who understand the health sector and corporate to support the sector financially.

Financial institutions should support health sector because the ultimate goal of this is increase of output and thus increase on income and more savings. Moreover, financial institutions should develop better lending terms enabling health sector to benefit from them. In this also services of financial institutions should be improved to ensure their reliability and stability eliminating the problem of financial constraints to the health facilities while increasing the goodwill of these particular institutions.

6.4.2 Government

The government as it is plays a major role in supporting the health sector. In order to obtain good results in doing this the government should;

First, make a major reform on Tanzania Health policy which will harness the breeding environment for growth of health sector. This can be by reducing fees for registering small health facilities such as clinics and dispensaries.

Secondly, the government should concentrate on creating macroeconomic framework that firstly promote health services that are provided locally and also which is suitable for encouraging the small health facilities to grow.

Thirdly, the government should invest in research and development so as to explore what can be done to improve provision of health services either by looking into what other developing countries have done or by coming up with new ideas.

Lastly the government should develop parastatal organizations which oversea activities of small firms and address to their problems. These organizations will provide financial assistance, information/advice and also conduct training courses for the health care facilities.

6.4.3 Donors

Donors should continue to establish more partnerships with local institutions and organization in supporting the health in order to improve health services in Tanzania and Africa as a whole. As a good example is PharmAccess International which is in partnership with BancABC and Nmb bank through APHFTA in supporting the private health facilities in Tanzania at a reasonable rate.

6.4.4 Other Stakeholders

By other stakeholders here it is meant the organizations or individuals which in one way or another can support the health sector. Examples of these could be educational institutions, associations, churches and business gurus. For instance Catholic and Lutheran churches support this sector by establishing their big hospitals including Seriani in Arusha and KCMC in Moshi. This should attract other stakeholders to establish referrals hospital or any health facilities or any other form of support. These stakeholders should;

First, develop training programmes and courses aimed at health facilities owners and their respective staffs. This will ensure that the owners are well equipped with adequate business knowledge and experience for them to run successful businesses. There should be more associations like APHFTA which provide training programs to its members on business skills development and quality improvement program.

Secondly, a network of business guru's and angels should be developed so as the small firms can seek for help easily on matters that they are incapable of handling themselves. Matters such as the modern technological tools they can use and what to do with regards to the expansion and growth of their respective businesses

This study recommends that financial institutions, governments and donors support improving access to financing to the health sector. Lack of access to finance can result in a health sector that is dominated by small clinics with limited capacity. Reliance on self-financing can also lead to serious quality concerns. Furthermore, lack of access to finance, in combination with other constraints, such as the limited business capacity of health care providers and a difficult enabling environment, may result in a migration to the informal sector, compounding concerns about quality and scale. Supporting access to finance for the health sector is an intervention that can be borrowed from the SME development field and used to achieve public health outcomes.

6.5 Area For Future Study

This study also recommends further exploration of the barriers that constrain access to finance for private health providers as well as the design of appropriate interventions that adapt lessons learned and best practices from the SME development field to overcome these barriers. While this paper has focused on access to financing for small and medium private health providers, access to financing is also an issue for micro health enterprises, including midwives, nurses, and drug shops, which play an important role in the private health sector. This study recommends that future programming also include interventions to increase access to financing for micro health providers.

REFERENCES

Balabanova D and Coker R Russia and Former USSR, Health Systems of. In: Kris

Balabanova, D., M. McKee, J. Pomerleau, R. Rose, and C. Haerpfer. 2004. Health service utilization in the former Soviet Union: Evidence from eight countries. *Health Services Research* 39 (6 Pt. 2): 1927–50.

Banking on Health and PSP-One. 2006. Trip report. Bethesda, MD: Banking on Health and PSP-One. AbtAssociates Inc.

Batra, G., D. Kaufmann, and A. Stone. 2003. Investment climate around the world. Washington, DC:World Bank Group.

Berman P**.** and R. Rannan-Eliya. 1993. *Factors Affecting the Development of Private Health Care Provision in Developing Countries.* Major Applied Research Paper No. 9, pp. 54–55.USAID/Health Financing and Sustainability Project.

Brugha R, Starling M, et al. (2002). "GAVI, the first steps: lessons for the Global Fund."The Lancet 359 (9304): 435-8.

Brugha, R., and G. Walt. 2001. A global health fund: A leap of faith? *British Medical Journal* 323 (7305): 152–54.

Das, J., and J. Hammer. 2007. Location, location, location: Residence, wealth, and the quality of medical care in Delhi, India. *Health Affairs* (Millwood) 26 (3): w338–w351

DFID (Department for International Development). 2001. Making government work for poor people: Building state capacity. Department for International Development, London.

Finlay, S. (2009). Consumer Credit Fundamentals. Second Edition. Palgrave Macmillan.

Galvin, R. 2003. Purchasing health care: An opportunity for a public-private partnership.*Health Affairs* (Millwood) 22 (2): 191–95.

Hanson, K., and P. Berman. 1998. Private health care provision in developing countries:A preliminary analysis of levels and composition. *Health Policy and Planning* 13 (3):195–211.

Heggenhougen and Stella Quah, editors International Encyclopedia of Public Health, Vol5. San Diego: Academic Press; 2008. pp. 627-637.

Ingham, G. (2004). The Nature of Money. Polity Press.

Kutzin, J.2001.A descriptive framework for country level analysis of health care financing arrangements. Health Policy 56:171-204.

Lane, J. E. 2000. *The public sector: Concepts, models and approaches*. 3rd ed. London:Sage.

Larson, C., U. Saha, R. Islam, and N. Roy. 2006. Childhood diarrhoea management practices in Bangladesh: Private sector dominance and continued inequities in care.*International Journal of Epidemiology* 35 (6): 1430–39.

Logemann, Jan, ed., *The Development of Consumer Credit in Global Perspective: Business, Regulation, and Culture* (New York: Palgrave Macmillan, 2012), ISBN 978-0-230-34105-0.

Patouillard, E., C. A. Goodman, K. G. Hanson, and A. J. Mills. 2007. Can working with the private for-profit sector improve utilization of quality health services by the poor? A systematic review of the literature. *International Journal for Equity in Health* 6:17.

Preker, A., and A. Harding, eds. 2003. *Innovations in health service delivery: The corporatization of public hospitals*. Washington, D.C.: World Bank.

Sauerborn, R. 2000. Low quality of care in low income countries: Is the private sector the answer? *International Journal for Quality in Health Care* 13 (4): 281–82.

Shimouchi, A. 2001. Tuberculosis problems in the Asia-Pacific region. *Respirology* 6:75–78.

Sullivan, Arthur; Steven M. Sheffrin (2003). *Economics: Principles in action*. Upper Saddle River, New Jersey 07458: Pearson Prentice Hall. p. 512. ISBN 0-13-063085-3.

Tawfik, Y., R. Northrup, and S. Prysor-Jones. 2002. *Utilizing the potential of formal and informal private practitioners in child survival: Situation analysis and summary ofpromising interventions*. Washington, DC: U.S. Agency for International Development.

World Health Organization. 2006. TB control report 2006.

World Health Organization, "Core health indicators," http://www.who.int/whosis/database/core/core_select.cfm (accessed June 30, 2013).

http://www.medicalcreditfund.org/ (Accessed on July 24, 2013)

http://www.tanzania.go.tz/sectoralpol.htm (Accessed on May 17, 2013).

http://www.bancabc.com/about-bank-abc/values-vision-and-mission.aspx (Accessed on August 25&28, 2013).

APPENDICES

Appendix 1: Data Gathering Questionnaires

Introduction

Your response to this question will serve as source of information to the research paper to be done for dissertation purpose. Any response you provide here is strictly confidential and will be used exclusively for the research purpose. Your honesty in responding the right answer is vital for the research outcome to be reliable.

Questionnaire No

Section A: Profile of Respondents

1. What is your gender?
   - (i) Male ( )
   - (ii) Female ( )

2. Select your age group.
   - (i) Below 20 years ( )
   - (ii) 20-29 years ( )
   - (iii) 30-39 years ( )
   - (iv) 40-49 years ( )
   - (v) 50 and above ( )

3. Select your highest academic or professional qualification? Select only one
   - (i) Primary ( )
   - (ii) Sec/certificate ( )
   - (iii) Diploma ( )
   - (iv) Bachelor ( )
   - (v) Master/PGD ( )
   - (vi) PHD ( )

4. Mention when you started business you are doing

_____

_____

Section B: Study questions

5. How can you rate demand for accessing loans from financial institutions?

   (i) Very low ( )

   (ii) Low ( )

   (iii) High ( )

   (iv) Very high ( )

6. What is the main challenge when requesting for a support from the institutions

   _____

   _____

   _____

7. The study wants to know whether loan offered by financial institutions match with the health care providers requirements. Therefore you have been given a list of products, rate the way you feel if they match in the strongly agree (SA); Agree (A); Neutral (N); Disagree (D); Strongly disagree (SD)

Loan products	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Term loan					
Asset financing					
Mortgage					
Overdraft					

8. The study wants to know whether conditions for one to access finance are friendly and simple. Therefore you have been given some of the terms and conditions which have been seemed to be frequently used by financial institutions in providing their services. Rate your opinion in the likert scale given below regarding how you have found the friendness and simplicity of the given terms and conditions.

Variables	Very hard	Hard	Simple	Very simple
Collateral need				
Business plans				
Provide business license				
Provide guarantor				
Repayment period				
Amount of product given				
Price of products (fees and interest rates				
Loan amount				
Compulsory open an account with Financial institutions				
Provide audited financials				

9. Mention other terms and conditions used by MFIs and explain how you have found them (whether they are simple or hard)

_____

_____

_____

10. How can other stakeholders participate in support the health sector in Tanzania?

_____

_____

_____

11. Are the bank partners with MCF loan processes favorable or not (Staff and Members of APHFTA?).Tick where appropriate.

    (i) Yes ( )

    (ii) No ( )

12. Suggestions, Comment or Recommendations :(ALL)

13. Is there anything else you would like to comment or suggest?

Appendix 2: Interview Guide

An Interview on the Roles of Financial Institutions in Supporting the Health Sector in Tanzania

Name of the Facility ……..……..…

Dear Respondent; Thank you for taking part in this study.

I am Bertha Shila from Mzumbe University; Dar es Salaam Campus College.

May I wish to notify you that this interview has the aim of gathering information about the study titled "Roles of Financial Institutions in Supporting the Health Sector in Tanzania". This is purely an academic study, which is being conducted as a partial fulfilment for the award of degree on Masters of Science in Accounting and Finance at Mzumbe University.

Through this information, the researcher will be able to assess and document the Roles of financial institutions in supporting the health sector in the country. It should be note that all information obtained will be treated very confidentially and used for intended purpose only. Please feel free to answer the questions according to your experience, skills and your personal understanding.

Bio data

Please fill in the brackets provided the roman number as per requirement of the statement.

1. Respondent's gender? Tick the appropriate
   - (iii) Male ( )
   - (iv) Female ( )

2. What is your age?
   - (vi) Below 20 years ( )
   - (vii) 20-29 years ( )
   - (viii) 30-39 years ( )
   - (ix) 40-49 years ( )
   - (x) 50 and above ( )

3. What is your highest academic or professional qualification?

(vii) Primary ( )

(viii) Sec/certificate ( )

(ix) Diploma ( )

(x) Bachelor ( )

(xi) Master/PGD ( )

4. Mention when you started business you are doing

_____

_____

Section B: Study questions

5. How can you rate demand for accessing loans from financial institutions?

(v) Very low ( )

(vi) Low ( )

(vii) High ( )

(viii) Very high ( )

6. What is the main challenge when requesting for a support from the institutions

_____

_____

_____

7. The interviewer wants to know whether loan offered by financial institutions match with the health care providers requirements. Therefore there is a list of products, rate the way you feel if they match by either strongly agree (SA); Agree (A); Neutral (N); Disagree (D); Strongly disagree (SD)

Loan products	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Term loan					
Asset financing					

Mortgage					
Overdraft					

8. The study wants to know whether conditions for one to access finance are friendly and simple. Therefore you have been given some of the terms and conditions which have been seemed to be frequently used by financial institutions in providing their services. Rate your opinion in the likert scale given below regarding how you have found the friendness and simplicity of the given terms and conditions.

Variables	Very hard	Hard	Simple	Very simple
Collateral need				
Business plans				
Provide business license				
Provide guarantor				
Repayment period				
Amount of product given				
Price of products (fees and interest rates				
Loan amount				
Compulsory open an account with Financial institutions				
Provide audited financials				

9. Mention other terms and conditions used by MFIs and explain how you have found them (whether simple or hard)

_____

_____

_____

10. How can other stakeholders participate in support the health sector in Tanzania?

    _____

    _____

    _____

11. Are the bank partners with MCF loan processes favorable or not (Staff and Members of APHFTA?).

    (iii) Yes ( )

    (iv) No ( )

12. Suggestions, Comment or Recommendations :(ALL)

13. Is there anything else you would like to comment or suggest?

The End

Thank You for Your Cooperation!